

UNIVERSITY OF SOUTHERN QUEENSLAND

**HOW THE MODEL OF ANTECEDENTS AND CONSEQUENCES OF  
MARKET ORIENTATION IS IMPACTED BY BUSINESS AND CULTURAL  
CONTEXTS IN THE CASE OF SOUTH AFRICAN NON-PROFIT  
ORGANISATIONS**

A Dissertation submitted by  
José Laurel Cross, MBA

For the award of  
Doctor of Business Administration

2012

## **ABSTRACT**

This research focuses on the antecedents and consequences of market orientation within the non-profit sector in South Africa to explore whether and how they are impacted by both business and cultural contexts.

The model of market orientation and its consequences and antecedents (Jaworski & Kohli 1993), has provided a sound platform for many different types of businesses to implement the marketing concept which ultimately delivers a stronger customer focused business approach that results in long-term financial stability (Narver & Slater 1990; Kohli & Jaworski 1990; Jaworski & Kohli1993). However, this model has had limited application in the non-profit sector and even less in the business context of an emerging economy. Indeed most of the work to date has only considered the structural elements of the model and not the usefulness and applicability of the dimensions of the constructs themselves. If a non-profit organisation in an emerging economy were to apply the model of antecedents and consequences of market orientation, it is anticipated that both the structure and dimensions may need to be re-specified to more accurately capture the most pertinent elements of these contexts. The results of this study support this premise and propose modifications to the original model of antecedents and consequences of market orientation which more accurately account for the nuances of the non-profit organisation business context and the unique characteristics of a South African cultural context.

The research confirmed that whilst the structure of Jaworski and Kohli's (1993) model is robust and stable, the model's constructs and dimensions required modification in order to be more relevant to the non-profit context and the South African context. The most sensitive elements of the model to these contexts were the antecedents: top management, inter-departmental dynamics and organisation systems. However, all constructs required re-specification to make the model more relevant.

Finally, the results also provided evidence for the inclusion of an additional moderating variable in the model, entrepreneurial culture, which captured specific characteristics peculiar to non-profit organisations not previously considered in the original model.

## **CERTIFICATION OF DISSERTATION**

I certify that the ideas, experimental work, results, analyses, software and conclusions reported in this dissertation are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

---

Signature of Candidate

---

Date

## **ENDORSEMENT**

---

Signature of Supervisor/s

---

Date

## **ACKNOWLEDGEMENTS**

This dissertation was made possible thanks to the love and continued support that I received from my husband, Andrew, and the patience and understanding from my children Erin and Annaye. Thank you. You are the Loves of my life.

To my Heavenly Father, I thank you and glorify you for giving me the strength to endure, for it is written: I can do all things through Yeshua ha Mashiach who strengthens me (Phil 4:19).

I would like to extend my appreciation to the respondents and extended staff of the nine organisations that formed the basis of this study. As a result of your openness to working with me this research study, the content was rich in detail.

Finally, to those that had a profound impact on my life by offering endless inspiration, motivation and contribution to ensure that this concept became a true Work of Art: Dr Jane Summers, Jeff Jankelow, Sally and Serge' Hirschowitz, Fran Steyn, I am truly grateful.

## TABLE OF CONTENTS

<b>ABSTRACT</b> .....	<b>i</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iv</b>
<b>1 Chapter One - Introduction</b> .....	<b>1</b>
1.1 Introduction .....	1
1.2 Background and justification to the research .....	1
1.3 Research Objectives and Contributions .....	6
1.4 Methodology .....	8
1.5 Outline of the Dissertation .....	9
1.6 Definitions .....	9
1.7 Delimitations of the scope of this study .....	10
1.7.1 Scope of internal and external environmental elements .....	10
1.8 Conclusion.....	11
<b>2 Chapter Two - Literature Review</b> .....	<b>12</b>
2.1 Introduction .....	12
2.2 Market Orientation .....	13
2.2.1 Overview of market orientation .....	13
2.2.2 Kohli and Jaworski's (1990) model .....	22
2.2.3 The antecedents and consequences of market orientation – Jaworski and Kohli's model revised (1993) .....	23
2.2.4 Narver and Slater's (1990) Market Orientation Model.....	27
2.3 The non-profit organisation business context .....	29
2.3.1 Literature overview of non-profit organisations .....	29
2.3.2 Market orientation and organisational performance in the non-profit context.....	30
2.3.3 Business challenges facing non-profit organisations.....	38
2.4 Summary of implications of the non-profit context for the model of antecedents and consequences of market orientation .....	43
2.4.1 Top management: CEO characteristics.....	43
2.4.2 Interdepartmental dynamics and employees: entrepreneurial culture ...	49
2.4.3 Organisational systems: type of business model .....	53
2.4.4 Business environment .....	56

2.4.5	Market orientation.....	57
2.4.6	Organisational performance.....	57
2.5	Preliminary theoretical model.....	58
2.6	The South African context.....	60
2.6.1	Unique business environment.....	61
2.6.2	Cultural differences.....	62
2.6.3	Market orientation and organisational performance in the South African context.....	63
2.7	Theoretical model for this study.....	68
2.8	Conclusion.....	71
<b>3</b>	<b>Chapter Three - Research Methodology.....</b>	<b>72</b>
3.1	Introduction.....	72
3.2	Justification for the research paradigm.....	72
3.3	Research Design.....	74
3.3.1	Justification of an exploratory research design.....	75
3.4	Research Methodology.....	77
3.4.1	Justification of case study research methodology.....	77
3.4.2	Case Study Methodology.....	79
3.4.3	In-depth Interviews.....	81
3.4.4	Data collection procedures.....	83
3.4.5	Interview Protocol.....	83
3.4.6	The Sample.....	84
3.4.7	Interview administration.....	85
3.4.8	Data analysis.....	86
3.5	Operational definitions.....	87
3.5.1	CEO Characteristics.....	88
3.5.2	Type of business model.....	89
3.5.3	Market orientation.....	90
3.5.4	Entrepreneurial culture.....	91
3.5.5	Organisational performance.....	92

3.6	Validity and reliability .....	97
3.7	Limitations of the research.....	98
3.8	Ethical considerations .....	99
3.9	Conclusion.....	100
<b>4</b>	<b>Chapter Four - Data Analysis.....</b>	<b>101</b>
4.1	Introduction .....	101
4.2	Overview of the data analysis and reporting.....	101
4.3	Profiles of the nine cases .....	104
4.4	Overview of the findings.....	113
4.4.1	CEO Characteristics.....	113
4.4.2	Type of business model .....	121
4.4.3	Market orientation.....	125
4.4.4	Entrepreneurial culture.....	132
4.4.5	Organisational performance.....	137
4.5	Research Propositions .....	142
4.6	Conclusion.....	161
<b>5</b>	<b>Chapter Five - Discussion and Conclusion.....</b>	<b>162</b>
5.1	Introduction .....	162
5.2	Conclusions about the Research Propositions.....	163
5.2.1	Conclusions about Research Proposition 1 .....	164
5.2.2	The conclusions about Research Proposition 2 .....	168
5.2.3	Conclusions about Research Proposition 3.....	170
5.2.4	Conclusions about Research Proposition 4.....	173
5.3	Conclusions about the Research Question and Research Objectives.....	176
5.4	Contribution of the Research to Theory and Practice .....	183
5.4.1	Contribution to Theory .....	183
5.4.2	Contribution to Practice .....	184
5.5	Limitations of the study.....	186
5.6	Directions for Further Research .....	188
5.6.1	Generalizability of the findings of this research .....	189
5.6.2	Use of quantitative measurement scales .....	190
5.6.3	Use of more complex statistical technique .....	190



5.7 Conclusion.....	190
<b>LIST OF REFERENCES .....</b>	<b>193</b>
<b>Appendix A – Letter of Introduction .....</b>	<b>231</b>
<b>Appendix B – Guidelines for Depth Interviews .....</b>	<b>232</b>
<b>Appendix C – In-depth Interview findings.....</b>	<b>234</b>
<b>Appendix D – Summary of Case Studies .....</b>	<b>240</b>

## List of Figures

Figure 2.1 Antecedents and consequences of market orientation.....	23
Figure 2.2. Model of market orientation.....	27
Figure 2.3: The Social Enterprise Spectrum.....	54
Figure: 2.4 Preliminary theoretical model: The relationship between market orientation and organisational performance in non-profit organisations.....	59
Figure: 2.5 Theoretical model of antecedents and consequences of market orientation for the non-profit South African business sector.....	70
Figure 4.1: The Social Enterprise Spectrum.....	123
Figure 4.3: Final Theoretical model of antecedents and consequences for market orientation in a non-profit South African context.....	159

## List of Tables

Table 2.1 Summary of key studies investigating marketing concept and market orientation prior to Jaworski and Kohli's 1993 model.....	15
Table 2.2 Studies where market orientation impacts organisational performance since early 1990s.....	18
Table 2.2 Continued - Studies where market orientation impacts organisational performance.....	19
Table 2.4 A summary of research reviewed on the factors that impact the effectiveness of non-profit organisations.....	41
Table 2.4 A summary of research reviewed on the factors that impact the effectiveness of non-profit organisations continued.....	42
Table 2.5 Early attempts to conceptualize Social Entrepreneurship between 1987 – 2002 (chronological order).....	46
Table 2.5 Early attempts to conceptualize Social Entrepreneurship between 1987 – 2002.....	47
Table 2.6: A summary of unique characteristics identified in social enterprises.....	55
Table 3.1 Elements of Qualitative and Quantitative Research.....	75
Table 3.2 Research Strategies.....	78
Table: 3.3 Advantages and disadvantages of typical data collection methods.....	80
Table 3.4 Interview Administration procedure.....	85

Table 3.5 Constructs and definitions .....	95
Table 3.5 Constructs and definitions continued.....	96
Table 3.6: Case study tactics for four design tests.....	97
Table 4.1 Summary of profile of each respondent.....	103
Table 4.2: Summary of the nine case profiles.....	112
Table 4.3: Summary of CEO demographic profile and individual characteristics ...	116
Table 4.4: Ranking of Case Study CEO Characteristics.....	117
Table 4.5: Ranking of Case Study: Type of business model .....	124
Table 4.6: Ranking of Nine Cases on level of market orientation.....	126
Table 4.7: Summary of ranking of the Nine Cases for Entrepreneurial Culture .....	133
Table 4.8: Summary of rankings of organisational performance for each case study .....	139
Table 4.9: Research propositions for this study.....	142
Table 4.10 Matrix of Constructs: CEO Characteristics and market orientation .....	143
Table 4.11: Matrix of rankings of Constructs: Social Enterprise business model and market orientation .....	147
Table 4.13: Matrix of rankings of constructs: entrepreneurial culture and market orientation .....	153
Table 4.14: Matrix of the constructs market orientation and organisational Performance .....	156
Table 4.15: Matrix of rankings of Constructs: CEO Characteristics, market orientation, Entrepreneurial Culture and organisational Performance .....	158
Table 5.1: Comparisons of the results of this research to that of previous studies...	164

# **1 Chapter One - Introduction**

## **1.1 Introduction**

This research will focus on the antecedents and consequences of market orientation within the non-profit sector in South Africa to explore whether and how they are impacted by both business and cultural contexts. This chapter will outline the purpose of this research study and its objectives, and will provide a justification to the research and its importance from an academic and industry perspective. This section will also briefly outline and defend the proposed methodology for the study as well as provide definitions and the delimitations of the study.

This chapter is organized into eight sections. The background and justification to the research is discussed in section 1.2 which is then followed by the research objectives and contributions in section 1.3. In section 1.4 the methodology is presented, followed by an outline of the dissertation in section 1.5, and definitions in section 1.6. Section 1.7 then covers the delimitations of this study. Finally the conclusion section is presented in section 1.8.

## **1.2 Background and justification to the research**

South Africa has a population of over 50 million people and is classified as a middle-income country, with one of the highest rates of income inequality in the world <<http://www.statssa.gov.za>>. This disparity in income of the population is mostly due to South Africa's previous government that implemented a system of racial segregation, called 'Apartheid' from the 1960's to 1992. Apartheid was an Act that discriminated against over 80% of the South African population from, among other things, having adequate education and jobs resulting in large scale poverty (*Human Development Report*. United Nations Development Programme. 2006).

Since the abolition of Apartheid in 1994, one of the South African Government's mandates was to end poverty through meeting basic needs, restructuring the economy and democratizing the country <<http://www.sangoco.org.za>>. To date there has been significant economic growth that has helped to lower the unemployment rate to 25.2% in 2011 from over 30% in recent years <<http://www.statssa.gov.za>>. Whilst this progress has been encouraging, the country still faces numerous economic problems, including crime, corruption, HIV/AIDS and widespread poverty, where millions of people still remain poor and disadvantaged <<http://www.statssa.gov.za>>.

The South African economy is stable with a stock exchange that rates among the top twenty in the world. This means that businesses can operate freely, with an infrastructure that can support an efficient distribution of goods to major urban centres throughout the country (Economic Assessment of South Africa 2008: Achieving Accelerated and Shared Growth for South Africa). The country has well-developed financial, legal, communications, energy, and transport sectors all of which provide the basic investment infrastructure for non-profit or profit-based businesses to allow for sustainability.

In an effort to eradicate poverty and redress inequality, in 1995 the South African government set out to implement effective change by establishing the South African National NGO (non-governmental organisations) Coalition (SANGOCO) <<http://www.sangoco.org.za>> to register non-profit organisations as members that partner with Government to respond to the needs and welfare of the poor and vulnerable by providing social welfare services and programmes in rural and urban areas with the prime beneficiaries being women, youth and children. The registration process was then transferred to the Department of Welfare, which was later renamed to the Department of Social Development in 2000 <<http://www.dsd.gov.za>>. The Department of Social Development donates millions of Rands in grant funding to registered non-profit organisations so that they have the financial resources to employ staff and cover operational expenses while providing the services undertaken as their social mission.

The Department of Social Development has more than 65 000 non-profit organisations currently registered and the majority of these organisations rely solely on government grants and donations to cover operational costs <<http://www.dsd.gov.za>>. This has resulted in the sector becoming more and more competitive as non-profit organisations rally for funds while and at the same time trying to make a small social impact, even though they often lack the necessary resources to make any significant difference <<http://www.dsd.gov.za>>.

These registered non-profit organisations are generally founded by people who often do not have any formal business qualifications and training <<http://www.dsd.gov.za>>.. This tends to result in these non-profit organisations lacking in financial resources, strategic direction and an in-depth understanding of how to address the public to make them aware of, and motivated to support their causes (Bissell 2003; Gallagher & Weinberg 1991). Without a clear business and marketing strategy, and the means to implement their objectives, these organisations struggle to raise sufficient capital through fund raising and lobbying activities, and without this much needed support they are often forced to close down (Bissell 2003; Gallagher & Weinberg 1991).

Therefore, whilst the non-profit organisation sector is a large and important one in the South African economy with annual revenues of more than R14 Billion (The size and scope of the non-profit sector in South Africa 2002), it would seem that this sector suffers from a lack of formal business and marketing approaches which in turn has resulted in the lack of sustainability. In order to propose potential solutions to this situation, a review of the literature in the non-profit domain was conducted and a number of studies were identified that highlighted the issues that contribute to both the success and/or failure of non-profit organisations in achieving their social objectives.

These studies confirm that from an internal perspective, a lack of strategic management expertise and a lack of sustainable marketing strategies (Alter 2006; Emerson 2003; Weingand 1995) are the most critical factors. There are also cultural differences in the African continent that are not found in other regions that need to be taken into consideration as this has an impact to organisational cultures of businesses in South Africa (Hofstede 2001). In addition, the non-profit organisation's external environment has also been shown to be a critical factor to their overall success and/or failure, with the business environment in which the organisation operates being particularly influential (Rees & Gardner 2003; Dyer, Buell, Harrison & Weber 2002; Cary 1991; Wilson & Anell 2001; Hardy 1991; Gallagher & Weinberg 1991).

As the literature shows, non-profit organisations historically have considered marketing to be unnecessary and even undesirable (White & Simas 2008; Gallagher & Weinberg 1991). However if non-profit organisations are to be sustainable and achieve their social mission, adoption of a market orientation has been shown to be beneficial with evidence to support this view from the United States of America and the United Kingdom non-profit sectors (Alter 2006; Emerson 2003; Dees 1998; King & Tchepournyhk 2004). One approach that has been widely tested and generally accepted for the implementation of market orientation has been provided by Jaworski and Kohli (1993) and is known as a model of the antecedents and consequences of market orientation. The model of market orientation and its antecedents and consequences (Jaworski & Kohli 1993) has provided a sound platform for many different types of businesses to implement the marketing concept which ultimately delivers a stronger customer focused business approach that results in long-term focus and financial stability (Narver & Slater 1990; Kohli & Jaworski 1990; Jaworski & Kohli 1993). However, this model has had limited application in the non-profit sector, with most of the work to date only considering the structural elements of the model and not the usefulness and applicability of the dimensions of the constructs themselves.

Indeed there is a call in the non-profit literature for more specific work of this type to extend the usefulness of such models as proposed by Jaworski and Kohli (1993) (Chelariu, Ouattarra & Dadzie 2002; Burgess & Nyajeka 2007; Sorjonen 2011; Padanyi & Gainer 2004; Vazquez, Alvarez & Santos 2002; Kara, Spillan & DeShields 2004). This research therefore will explore the applicability of Jaworski and Kohli's (1993) model of antecedents and consequences of market orientation for the non-profit business context.

As mentioned earlier, the external environment of non-profit organisations has also been shown to have a significant impact on the sustainability and success of that business. In particular the style and approach to business is important and this is largely determined by the national and local laws, culture and geography of a business. Thus, when investigating the applicability of Jaworski and Kohli's model of antecedents and consequences of market orientation (1993), for the non-profit sector in South Africa, the impact of the South African business environment also needs to be considered.

The extant literature in relating to the model of market orientation has been sourced internationally, and from a business environment perspective there seems to be differences evident in the South African context as its business environment is described as a 'transitional' economy, where there are income disparities due to the previous Apartheid regime (*Human Development Report*. United Nations Development Programme. 2006). Therefore it is likely that an adaptation and modification of Jaworski and Kohli's (1993) model would be required to account for the South African, non-profit context. Indeed researchers that have tested Jaworski and Kohli's model have called for further studies to examine the applicability in other contexts (Chelariu, Ouattarra & Dadzie 2002; Burgess & Nyajeka 2007; Sorjonen 2011; Padanyi & Gainer 2004; Vazquez, Alvarez & Santos 2002; Kara, Spillan & DeShields 2004; Voss & Voss, 2000b).

Thus this study will also explore the applicability of Jaworski and Kohli's (1993) model of antecedents and consequences of market orientation for the non-profit sector in a South African context.



To summarize, the adoption of a market orientation in non-profit organisations has been shown to lead to improved performance in this sector (Gainer & Padanyi 2002; Shoham, Ruvio, Vigoda-Gadot & Schwabsky 2006). The model of antecedents and consequences of market orientation could be used by non-profit organisations and this model needs to be examined for its applicability and usefulness for the South African non-profit organisation sector.

Further, South Africa's business environment as a 'transitional' economy, its disparities and recent political framework have all resulted in a unique business operating environment which is likely to impact on how any model of market orientation would apply for non-profit organisations in this country. South Africa also has a different set of traditions and cultures from Western or European cultures that are likely to impact the organisational culture/s of its non-profit organisations and this should be taken into consideration in the application of any business model. Previously, organisational culture has been found to be a mediator in the relationship between market orientation and organisational performance, and this relationship also warrants further investigation in the South African context, which will be addressed in this study (Farley, Hoenig & Ismail 2008). Therefore the research question for this research is as follows:

**'How is the model of antecedents and consequences of market orientation impacted by business and cultural contexts in the case of South African non-profit organisations?'**

This study will assess whether the model of antecedents and consequences of market orientation is as relevant and applicable in the South African non-profit organisational context.

### **1.3 Research Objectives and Contributions**

In order to answer the research question, this research will explore the applicability of Jaworski and Kohli's (1993) model of antecedents and consequences of market orientation by addressing these two research objectives. These are:

1. To identify whether the antecedents of market orientation as proposed by Jaworski and Kohli (1993) remain consistent in the context of both a South African business environment and a non-profit business context;
2. To identify whether organisational culture is a relevant factor in the relationship between market orientation and organisational performance in the context of South African non-profit organisations

**a) Academic contributions**

This research will be the first documented academic research on South African non-profit organisations from a market orientation perspective and it is hypothesized that it will find that the 1993 Jaworski and Kohli model of antecedents and consequences of market orientation will not be immediately applicable to these changes in context as there are unique local nuances in the South African non-profit business context that will need to be taken into consideration. The result of this research will be a new proposed theoretical model that will be more specifically related to the adoption of a market orientation in the non-profit South African context. This proposed model will provide future researchers with a blueprint from which to conduct empirical research in this field, further advancing and refining the work started by Jaworski and Kohli on market orientation.

It is anticipated that the structural integrity of the model of antecedents and consequences of market orientation is likely to remain stable in that there will be antecedent elements required for a non-profit organisation in South Africa to fully implement a market orientation and further, that the adoption of a market orientation will improve organisational performance (the consequence). However, it is anticipated that the composition and definition of the antecedents included in the model are likely to require changes to account for this specific business (non-profit) and environmental (South Africa) context.

This finding alone will add considerably to the body of knowledge in the non-profit sector providing future researchers with suggestions and ideas for further extension of other business models and a framework for the future empirical testing of these findings.

Finally, if organisational culture is found to act as a mediator in the model in these contexts, this will also add to the body of literature in the non-profit domain. This finding would represent a change to the existing structural integrity of Jaworski and Kohli's 1993 model and would provide future researchers with new directions from which to consider the relationship between market orientation as a strategic business philosophy and organisational culture as a structural component of a business.

#### **b) Managerial contributions**

This research will provide managers with insight into how a non-profit organisation should be structured and focussed from an internal and external perspective in order to allow for the adoption of a market orientation which in turn would lead to operational effectiveness and improved financial performance. This research can also be referenced by government funding bodies, social investors and corporate foundations to be used as a framework to identify the risk factors when investing in social development organisations. For example, the level of business and social skill of the social entrepreneur, the type of business model and the degree of market orientation can be assessed based on the measurement criteria in this research in order to assess the organisation's level of self sufficiency and growth potential.

## **1.4 Methodology**

The methodology that will be used in this study will be a case study method as this approach is exploratory and seeks to understand various phenomena in context-specific settings where the research follows the real world setting and reveals the situation as it is in its current state. (Patton 2002). In this study, the researcher is developing on existing theory in understanding the local nuances that are apparent in a specific business context, non-profit organisations, and in a specific cultural context, that of South Africa.

The method will include nine interviews with executives and senior management from non-profit organisations to discover their internal practices and processes. The objective of the interview process will be to gain an in-depth understanding of non-profit organisations' internal and external environments and investigate their strategic marketing practices and behaviours in order to make comparisons, build theory and propose generalizations (Leedy & Ormod 2005). The study is intended to reveal the capabilities and expertise of the CEO, management team and employees, the organisation's strategic marketing decision making processes, assess how they raise capital and how they build and maintain relationships with constituencies in their external environment.

The research findings will then be compared to the model of antecedents and consequences of market orientation proposed by Jaworski and Kohli (1993) and a final theoretical model developed to suit the South African non-profit context.

## **1.5 Outline of the Dissertation**

This dissertation has five chapters, following this introductory chapter which has outlined the research problem. The second of the five chapters will present the literature review in the domains of market orientation and non-profit marketing to arrive at the proposed theoretical model. The data collection and analysis chapters will then follow. The proposed methodology and data collection for this study will be presented and justified in chapter three and chapter four will provide the analysis and interpretation of the data collected. Finally, chapter five will discuss the research study's conclusions and implications.

## **1.6 Definitions**

It is important to outline the definitions of the main constructs to be used in this study to ensure that there is clarity in the interpretation and presentation of data. Each of the main constructs will now be defined.

Non-profit organisation (NPO): an organisation that has non-financial objectives and their mission is to raise funds to support a cause that will contribute to the social improvement of a community <<http://www.dsd.gov.za>>.

Social Enterprise (SE): businesses with primarily social objectives whose surpluses are reinvested into the business. Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, the United Kingdom's Government believes that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy <<http://dti.gov.uk/socialenterprise>>.

Relationship Marketing: the development of continuous relationships between parties that are usually long-term, dynamic and that involve acquiring information based on communication, which should be proactive and defined in the customer's terms (Conway & Whitelock 2004).

Social Entrepreneurship: the establishment of new social enterprises and the continued innovation in existing ones to achieve a social mission, the ability to recognise social value-creating opportunities and key decision-making characteristics of innovativeness, pro-activeness and risk-taking (Sullivan Mort, Weerawardena & Carnegie 2002).

## **1.7 Delimitations of the scope of this study**

The scope of this study is limited to South Africa and will focus on a sample group of non-profit organisations and social enterprises.

### **1.7.1 Scope of internal and external environmental elements to be examined**

Within the sample group the following elements will be examined from an internal environmental perspective: CEO characteristics, management style, type of business model, organisational culture, marketing activities and behaviours, the marketing function; staffing and raising capital.

An examination of their external environment will include how the sample group interacts with corporate sponsors, individual donors, partners, the media, government, other non-profit organisations and investors. This study will not extend to the beneficiaries for which the funds are raised.

## **1.8 Conclusion**

This introductory chapter provided an overview of the South African non-profit sector and highlighted the research problem, providing justifications to the importance of the study. The methodology for collecting the data, outline of the dissertation, definitions and delimitations were briefly described and discussed. The next chapter will provide a critical review of the literature in the domains of market orientation and non-profit marketing, and will conclude with a preliminary theoretical model of the antecedents and consequences of market orientation to be tested in this research.

## **2 Chapter Two - Literature Review**

### **2.1 Introduction**

The purpose of this chapter is to review the relevant literature pertaining to market orientation and organisational performance in non-profit organisations to provide a context for understanding the interrelationships between these theoretical domains. This in turn, will allow insights into the research question posed for this research, which is to explore whether and how the antecedents and consequences of a market orientation may differ in the context of South African non-profit organisations. This chapter is organized into eight sections.

The first section of this chapter provides an overview of market orientation and a discussion of the relationship between market orientation and organisational performance, looking specifically at previous literature and theoretical models that have been developed. This is followed by a discussion of the antecedents and consequences of market orientation based on Jaworski and Kohli's (1993) model.

The chapter will then move into a discussion of whether and how different business and cultural contexts are likely to affect the model in terms of both its structure and its dimensions, commencing with a review of the literature on business context. In particular, this study will focus on the non-profit organisation business context and the effect of the various business challenges that non-profit organisations face are likely to have on a model of market orientation. The newly emerging social enterprise model of non-profit organisation is discussed and the proposed implications of this approach are proposed at the end of this section. The impact of cultural influences on the model of market orientation will follow this section commencing with a general discussion before focusing specifically on the idiosyncrasies of the Sub-Saharan culture found in South Africa. Finally, the chapter will conclude with the development of an alternative theoretical model for the antecedents and consequences of market orientation in a South African non-profit context to be explored in this research.

## **2.2 Market Orientation**

This section introduces the concept of market orientation, its origins, and how it directs the marketing approach of a firm via the marketing concept. The marketing concept is a business practice and is defined as a marketing approach of a firm, that actively seeks to satisfy the long-term needs of customers by being customer focused (Anderson 1982). Market orientation is achieved when a firm implements the marketing concept. The next section provides an overview of market orientation.

### **2.2.1 Overview of market orientation**

Market orientation has been characterized as an essential construct of healthy businesses competing in highly demanding and sophisticated economies (Shoham et al. 2006). Market orientation is said to provide a competitive advantage through the identification of customer needs through systematic and thorough market intelligence gathering in order to produce offers that provide value to the customer (Vazquez et al. 2002). Thus, when a firm adopts a market orientation it has an organisational culture that is customer-centric, based on an organisation wide generation and dissemination of market intelligence pertaining to customer needs.

This approach means that the entire organisation aligns business strategy, marketing, communications and product/service offerings accordingly (Kohli & Jaworski 1990). Further, the organisation will have clearly articulated goals and objectives described in a business plan, together with business processes and methodologies that help them to achieve these goals. The entire organisation would be aware of the direction the organisation is going and how they expect to get there, there is alignment and clear understanding by all stakeholders. This type of organisational culture is therefore an important underlying requirement that organisations should adopt as a starting point towards becoming customer-centric.



When a firm implements or adopts a market orientation they are said to be embracing the marketing concept (Anderson 1982). Adopting the marketing concept is a fundamental ingredient for improved success of an organisation, and the evidence in numerous studies has proven this to be the case (Kohli & Jaworski 1993; Narver & Slater 1990; Anderson 1982; Kotler 1977; Howard 1983).

A number of empirical studies have investigated the level of adoption of market orientation on various types of organisations prior to 1993 when Jaworski and Kohli's model was developed. Table 2.1 summarizes these studies and their key findings. These studies highlight the diversity and scope of the work that has been done from the mid 60s to early 90s in this area and support the argument that the more widely and thoroughly the adoption of a market orientation is within a firm, the greater the benefits to the firm. These benefits include improvements in both consumer satisfaction and organisational performance. (McCollough, Heng & Khem 1986; Wrenn 1997).

In all cases researchers agree that the organisational culture of the firm is a critical factor in the degree of market orientation adopted by a firm. In some cases targeted and deliberate cultural change was required in order for market orientation to exist and often this was accompanied by structural changes as well. Organisational culture is defined as '*A pattern of shared basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems*' (Schein 2010).

**Table 2.1 Summary of key studies investigating marketing concept and market orientation prior to Jaworski and Kohli's 1993 model**

Study	Construct	Focus of measurement	Measures (Scale)	Empirical setting	Findings
Munsinger (1964)	Marketing concept	Attitudes & behaviours	Categorical and open-ended	Industrial organisations	High adoption and implementation of marketing concepts
Hise (1965)	Marketing concept	Behaviours	Categorical	Manufacturing firms	High adoption of marketing concept
Barkdale & Darden (1971)	Marketing concept	Attitudes	Likert	business executives and marketing educators	High belief in concept but low implementation
McNamara (1972)	Marketing concept	Behaviours	Categorical for subjects, arbitrary scaling for construct (Thurstone-type)	Consumer and industrial companies	Higher adoption and implementation by consumer goods firms
Lusch, Udell & Laczniak (1976)	Marketing concept	Attitudes	7pt Likert scale	business executives	Marketing concept expected to be important in the future
Lawton & Parasuraman (1980)	Marketing concept	Attitudes and behaviours	Likert, categorical	Manufacturing firms	Adoption of marketing concept does not influence new product planning
Parasuraman (1983)	Marketing orientation	Attitudes and behaviours	Likert, categorical	Industrial consumer goods firms	Industrial goods firms more marketing oriented than consumer goods firms
Whyte (1985)	Marketing orientation	Attitudes	Likert	Community health centres	Marketing orientation of agency directors measured
Greenley & Matcham (1986)	Marketing effectiveness (orientation)	Behaviours	Categorical	Companies marketing incoming tourism to Great Britain	Low level of marketing orientation present in companies
McCullough, Heng & Khem (1986)	Marketing orientation	Attitudes & behaviours	Thurstone type based on Kotler (1977)	Banks	More marketing oriented banks and higher levels of consumer satisfaction
Dunn, Birley and Norburn (1986)	Marketing effectiveness (orientation)	Behaviours	Thurstone-type based on Kotler (1977)	Large and small manufacturing firms	Small firms are as marketing oriented as large firms
Lusch and Laczniak (1987)	Marketing concept	Attitudes	Likert	Manufacturing firms	Marketing and stakeholder concepts are inseparable philosophies
Peterson (1989)	Marketing concept	Attitudes	Categorical	Small businesses	The marketing concept is part of operating philosophy of small business managers
Norburn, Birley, Dunn and Payne (1990)	Marketing Effectiveness (Orientation)	Behaviours	Likert-type modification of Thurstone-type based on Kotler (1977)	Manufacturing firms in US, UK, Australia, New Zealand	Dissimilar market orientation exists among firms in four English speaking countries
Meziou (1991)	Marketing concept	Behaviours	Itemized responses (1=poor, 4=excellent)	Manufacturing firms	Marketing concept has been adopted by small firms
Kohli, Jaworski & Kumar (1993)	market orientation	Behaviours	Likert	MSI member companies and largest 1000 firms in US	Development and testing of a scale to measure market orientation
Qureshi (1993)	Marketing orientation	Behaviours	Thurstone based on Kotler (1977)	Public and private colleges and universities	Marketing oriented colleges more successfully attract resources
Wong & Saunders (1993)	Marketing orientation	Attitudes & behaviours	Likert, bi-polar	90 British, US and Japanese companies	Highest performing companies strike a balance between marketing and product orientation
Siguaw, Brown and Widing (1994)	market orientation	Attitude & behaviours	Likert	Companies involved in sales of document imaging supplies	market orientation influences sales person customer orientation and job attitudes
Greenley (1995)	market orientation	Attitudes and behaviours	7 pt Likert type, bi-polar	1000 companies in UK	Five different forms of marketing orientation were identified
Wrenn (1996)	Marketing orientation	Behaviours	Thurstone	non-profit hospitals	All of the five components of market orientation must be developed for organisation success, but customer philosophy is most important

Source: Adapted from Wrenn (1997)

A strong and adaptive culture exists when employees respond in a way that is aligned with organisational values. In these environments, strong cultures help firms operate efficiently and effectively, where there is a sense of empowerment and accountability, where change is initiated when needed, and where taking calculated risks is the norm. Conversely, a weak or un-adaptive culture exists where there is little alignment with organisational values and control must be exercised through extensive procedures and bureaucracy (Schein 2010).

For the purposes of this study, a strong adaptive culture will be referred to as an entrepreneurial culture as it encapsulates the need for adaptability, innovation and pro-active risk taking. A weak, un-adaptive culture will be referred to as a bureaucratic culture as these organisations are rigid and less able to adapt to a quick pace of change.

In reviewing the existing literature on the marketing concept and market orientation (summarised in Table 2.1), most have utilized the same measurement scales that were developed by Kotler in the late 1970's, being the Thurstone scale, which is one of the first formal techniques for measuring attitude (Thurstone 1928), with only minor modifications, even though each of the studies has had a different focus. Whilst there has been some advancement in market orientation measurement scales that were developed in the early 1990's with only minor modifications (see Table 2.2), it would appear then from this observation, that in spite of advances in business operations and marketing applications over the last 20 years, the concept and indicators of market orientation have remained relatively stable. This is important to highlight as the basic determinants or antecedents of a market orientation have also remained largely unchanged as well as the consequences of adopting a market orientation, that is, a positive impact on organisational performance. This is discussed in more detail in the next section.

Market orientation has been consistently shown to positively impact organisational performance in various contexts such as: large firms (Kohli & Jaworski 1993; Day & Nedungadi 1994); small firms (Pelham & Wilson 1996); manufacturing firms (Narver & Slater 1990); service suppliers (Naidu & Narayana 1991); profit-based businesses (Narver & Slater 1994); non-profit organisations (Wrenn, LaTour & Calder 1994); low tech firms (Decker 1985); and high tech firms (Ruekert 1992).

More recent studies further support the positive impact of market orientation on organisational performance based on two schools of thought, that of Narver and Slater (1990) and of Kohli and Jaworski (1990; 1993) (Burgess & Nyajeka 2007; Farley, Hoenig & Ismail 2008; Sin, Tse, Heung & Yim 2005; Cano, Carrillat & Jaramillo 2004; Taylor, Kim, Ko, Park, Kim & Moon 2008; Lings & Greenley 2009; Haugland, Myrtveit & Nygaard 2007). The first school of thought is that of a culture-oriented approach based on the conceptualization by Narver and Slater (1990), that interprets market orientation as a culture, attitude or philosophy. The second school of thought emphasizes behaviour related to market intelligence based on the conceptualization by Kohli and Jaworski (1990). The contribution of these two group of researchers to the construct's definition still currently dominates the market orientation debate. A detailed discussion of each of these approaches will be discussed in more detail in section 2.2.2, 2.2.3 and 2.2.4.

The research examining the relationship between the adoption of a market orientation and organisational performance since the early 1990s is comprehensive (see Table 2.2). The main findings consistently support the existence of a relationship between market orientation and organisational performance in that market oriented firms outperform firms that are not market oriented. Table 2.2 summarizes the findings of research to date that have examined the impact of market orientation on organisational performance and notes in each case the measurement tools used to achieve these results.

**Table 2.2 Studies where market orientation impacts organisational performance since early 1990s**

Authors	Measurement approach	Empirical settings	Findings
Kohli & Jaworski (1993)	Likert scale	MSI member companies and largest 1000 firms in US	market orientation affects performance across environmental contexts
Day & Nedungadi (1994)	Categorical and itemized responses (small extent, very good extent)	190 large firms in US, Europe, Australia, New Zealand	Results suggest that market driven businesses should outperform other firms
Pelham and Wilson (1996)	7pt likert type, bi-polar	Small firms	market orientation offers small firms a competitive advantage, better performance and relative product quality
Narver & Slater (1990)	7 pt Likert scale	140 forest products SBU's of US corporation	For non-commodity businesses, relationship between market orientation and profitability is monotonic
Naidu and Narayana (1991)	Categorical and Thurstone-type based on Kotler (1977)	Hospitals	Marketing orientation has a strong association with hospital occupancy rates
Slater & Narver (1994)	Likert	SBU's in forest product companies and diversified manufacturing firms	Being market oriented is cost-effective in different environments
Wrenn, LaTour and Calder (1994)	Thurstone	Hospitals	Hospital CEOs and marketing officers do not agree on hospitals degree of market orientation.
Decker (1985)	Thurstone based on Kotler (1977)	University marketing agencies	Agencies scoring highly on orientation reported greater financial success
Ruekert (1992)	Likert	5 SBUs of large high-tech US firm	market orientation positively related to organisational performance, job satisfaction, commitment to the organisation and trust in management by employees
Greenley (1995)	market orientation: based on Narver & Slater (1990, 1994); Performance: based on Narver & Slater (1994)	240 UK companies	The influence of market orientation on performance is moderated by environmental variables, suggesting that market orientation may not be advantageous in highly turbulent markets, and in conditions of low customer power and high technological change.
Matear, Osborne, Garrett and Gray (2001)	market orientation based on Grey et al. (1998); Firm performance: a relative approach; Innovation: John & Storey (1998)	398 service firms	market orientation is found to contribute to performance through a dual mechanism in that it contributes both directly and through innovation, which innovation mediating the contribution.
Hooley, Greenley, Beracs, Fonfara, Snoj (2003)	market orientation based on Narver and Slater (1990) and Hooley et al., (1998)	629 firms from Slovenia, 589 from Hungary and 401 from Poland.	Adopting a market orientation appears equally beneficial to services firms in turbulent transition economies as western developed markets.
Harrison-Walker (2001)	market orientation : developed a new scale based on Narver and Slater (1990) and Jaworski & Kohli (1993)	122 individual hospitality firms, 83 SBU hospitality firms, 78 beverage manufacturing firms, 54 SBU beverage manufacturing firms	While customer and competitor orientation each have positive and significant effect on market orientation, only customer orientation has a positive and significant effect on business performance.
Noble, Sinha & Kumar (2002)	Data coding of letters to shareholders and financial statements spanning five years, longitudinal study	JC Penney; Kmart, Sears and Wal-mart	Firms possessing higher levels of competitor orientation, national brand focus, and selling orientation exhibit superior performance
Liu, Luo, Shi (2003)	10 item scale developed by Deshpande and Farley (1998), consistent with Narver & Slater (1990) and Kohli et al. (1993)	304 businesses in China	organisations with higher level of market orientation tend to be more learning-oriented, emphasize more on entrepreneurship, and be able to achieve higher level of organisational performance, than those with a lower level of market orientation.
Cano, Carrillat, Jaramillo (2004)	Data coding for meta-analysis	23 countries spanning 5 continents	The relationship between market orientation and business performance is positive and consistent worldwide. Stronger correlations were found for not-for-profit compared to for-profit firms and service compared to manufacturing firms.

**Table 2.2 Continued - Studies where market orientation impacts organisational performance since early 1990s continued.**

Authors	Measurement approach	Empirical settings	Findings
Langerak, Hultink and Robben (2004)	market orientation: adapted from Langerak (2001) who modified Narver & Slater (1990); Org performance: based on Naman & Slevin (1993), and Slater & Narver (1994)	126 firms in the Netherlands	A market orientation is related positively to product advantage and to the proficiency in market testing, launch budgeting, launch strategy, and launch tactics. market orientation has no direct relationship to new product performance and to organisational performance.
Sin, Tse, Heung, Yim (2005)	market orientation: Based on Narver & Slater (1990); Org Performance: subjective approach	63 hotels in Hong Kong	market orientation is positively and significantly associated with the marketing performance and financial performance of a hotel.
Haughland, Myrtveit and Nygaard (2007)	market orientation: based on Narver & Slater (1990); Org performance: objective and subjective measures (Donthu and Yoo 1998)	110 hotels in Norway	market orientation has only a modest effect on relative productivity and no effect on return on assets. The strongest effect of market orientation on performance occurs when applying the subjective performance measure.
Burgess and Nyajeka (2007)	market orientation: Ruekert (1992); org performance: subjective measure	161 managers of retail firms in Zimbabwe	market orientation improves performance. Reward systems have a positive indirect effect on performance through market orientation.
Dwairi and Jurkus (2007)	Kohli & Jaworski (1990, 1993)	Banking industry in Jordan	market orientation-performance relationship is robust across diverse contexts. In addition, top management traits are consistent predictors of market orientation.
Zhou, Brown and Dev (2008)	market orientation Adapted from Narver & Slater (1990); market differentiation and innovation differentiation advantage: Chandler & Hanks (1994); financial performance: Moorman & Rust (1999)	184 hotels from Global hotel industry	If a firm perceives its customers as valuing service, it adopts a customer and competitor orientation. If customers are price sensitive, it adopts a competitor orientation. The greater a firms customer orientation, the more the firm is able to develop a competitive advantage based on innovation and market differentiation. Innovation and market differentiation advantages lead to greater market performance and higher financial performance
Taylor, Kim, Ko, Mark, Kim, Moon (2008)	market orientation: adapted from Kohli & Jaworski (1990); Narver & Slater (1990); performance: subjective measures	Industrial robotics industry in Korea	Having sales staff who have a market orientation ;leads to higher commitment to relationships and drives improved business performance
Farley, Hoenig, Ismail (2008)	market orientation: based on (Deshpande et al. 1993); Performance: four items compare the respondent to the major competitor. Buzzell and Gale (1987)	100 South African firms	market orientation is the most important explainer of performance of the South African firms, and Innovation is important. Specific elements of organisational culture are apparently less important in South Africa than elsewhere.
Lings and Greenley (2009)	Internal market orientation: based on Lings and Greenley (2005); market orientation was adapted from Kohli et al. (1993). Performance: subjective measures	766 UK Retail managers	Significant relationships between internal market orientation, employee motivation and external marketing success (market orientation, financial performance and customer satisfaction). Also positive impact of external market orientation on customer satisfaction and financial performance.

Source: developed for this research

Narver and Slater (1990) and Jaworski and Kohli (1990; 1993) have operationalised the marketing concept into two similar models that describe a set of organisational behaviours and activities that organisations need to perform in order to implement a marketing concept. Both models and measures have proven to be robust and reliable in various contexts and conditions. Some researchers have tried to develop alternative models, but none have managed to override the value that these two models have contributed to the marketing discipline (Ruekert 1992).

In particular, Jaworski and Kohli's (1993) model that defines the antecedents and consequences of market orientation is upheld as being a good representation of how an organisation needs to position itself in order to create the necessary internal environment to adopt a market orientation. Jaworski and Kohli's (1993) model structure and dimensions will be discussed in more detail later in this section in order to determine whether and how the contexts of this study are likely to affect this model.

In all of these studies, organisational performance has been measured using both objective and subjective indicators and most researchers agree that a combination of both measures will provide the most robust indicators of organisational performance. Objective performance measures are those that use standard quantifiable ratios and indicators, so some combination of these such as: market share; profitability; return on assets or return on investment; change in market share or profitability; and new product success (Haughland, Myrtveit & Nygaard 2007). Subjective measures of performance, by contrast, are those that take management's perception of the performance of their organisations compared to their competitors. These measures typically include indicators such as: efficiency; effectiveness; and attainment of short or long-term goals (Sin, Tse, Heung & Yim 2005; Haughland, Myrtveit & Nygaard 2007; Burgess & Nyajeka 2007; Taylor et al. 2008; Lings & Greenley 2009). Other subjective methods that have been used in this area are judgmental methods such as management decisions based on historical financial information for forecasting (Haughland, Myrtveit & Nygaard 2007).

Whilst these summary tables highlight that the work examining market orientation and its impact on organisational performance has been comprehensive, there is a still relative shortage in the literature of this relationship in a non-profit setting. Indeed researchers in the non-profit field have been calling for more extensive work to be done on this specific issue for a decade (Chelariu, Ouattarra & Dadzie 2002; Burgess & Nyajeka 2007; Sorjonen 2011; Padanyi & Gainer 2004; Vazquez, Alvarez & Santos 2002; Kara, Spillan & DeShields 2004).

Further, the models and empirical work to date have largely been undertaken in western profit based business economies with only a few quite recent studies considering the models and theoretical relationships in non-western and emerging business cultures to assess the validity of western-based originated measures under different market conditions around the world (Chelariu, Ouattarra & Dadzie 2002; Liu, Luo & Shi 2003; Sin, Tse, Heung, Yim 2005; Burgess & Nyajeka 2007; Taylor, Kim, Ko, Mark, Kim & Moon 2008; Farley, Hoenig & Ismail 2008). . Therefore, it is not known whether and how the traditional western-based models of market orientation will perform in the South African context and the theoretical evidence from both the non-profit and intercultural literature would suggest that modification to the model will be required. Before examining these implications, a consideration of the theoretical models themselves and their rationale and dimensions is required. Kohli and Jaworski's (1990) model of market orientation will be examined first, followed by a discussion of their antecedents and consequences of market orientation model. Finally, the contributions of Narver and Slater's (1990) model will be discussed.



### **2.2.2 Kohli and Jaworski's (1990) model**

In the model developed by Kohli and Jaworski (1990), the researchers provided a framework for a market orientation construct. In this model market orientation was defined as a set of activities including the '*organisation wide generation, dissemination, and responsiveness to market intelligence*' (Kohli & Jaworski 1990, p. 3). Market intelligence relates to customer needs and preferences and it includes an analysis of how customers may be affected by factors such as government regulation, technology, competitors, and other environmental forces.

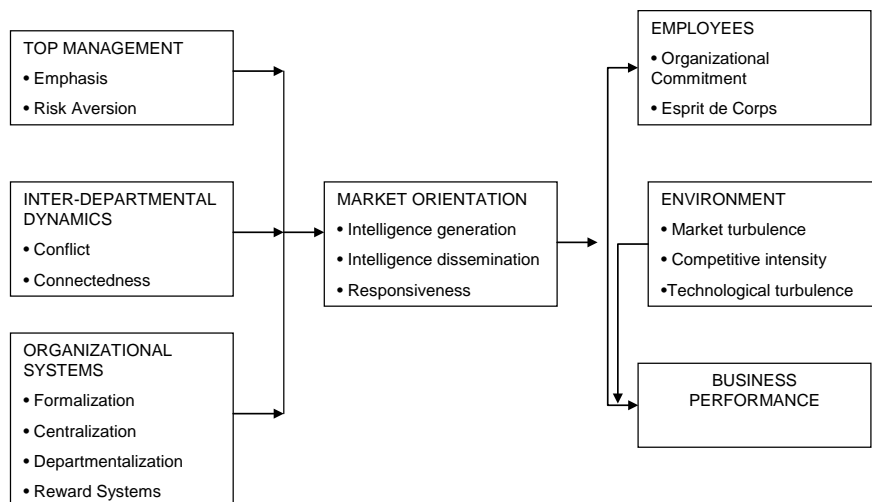
Market intelligence may be generated through: discussions with customers and trade partners; analysis of sales reports; worldwide customer databases; market research; and sales revenue in test markets (Kohli & Jaworski 1990). In order for an organisation to adapt to market needs, market intelligence must be communicated and disseminated to various departments and individuals in the organisation and in turn, they need to act on this information. Therefore, in this model, market orientation involves employees engaging in a set of activities to develop an understanding of customers' current and future needs and the factors that impact customer decision making and then incorporating this information into strategic planning and marketing activities.

In a later study Jaworski and Kohli (1993) built on their original model of market orientation, suggesting that for an organisation to adopt a market orientation (and all the activities that this implies) there are a number of quite specific antecedents that need to be in place. Further, they also proposed that once an organisation had adopted a market orientation there were a number of consequences in terms of business performance and employee performance that they could expect. It is important to understand the antecedents and consequences of market orientation as they have been shown to apply to different contexts. These antecedents and consequences of market orientation will be explored in more detail next.

### 2.2.3 The antecedents and consequences of market orientation – Jaworski and Kohli’s model revised (1993)

The three antecedents to market orientation proposed by Jaworski and Kohli (1993) are: top management; interdepartmental dynamics and organisational systems. The two consequences of market orientation they proposed were: employees; and business performance. In addition, they suggested that the external environment moderated the impact of market orientation on business performance. The model of antecedents and consequences of market orientation is depicted diagrammatically in Figure 2.1. Each antecedent will be described next.

**Figure 2.1 Antecedents and consequences of market orientation**



Source: Jaworski and Kohli (1993) ‘Market orientation: antecedents and consequences’ Journal of Marketing, Vol 57, pg 58.

The top management construct suggests that as senior management increases their emphasis on market orientation and as their risk aversion decreases, there is likely to be a more comprehensive and complete adoption of a market orientation in the firm (Jaworski & Kohli 1993). Risk perceptions are affected by top management’s composition, problem solving ability, previous experience, organisational control systems and processes, and social influences like organisational culture (Sitkin & Pablo 1992).

During their study, Jaworski and Kohli found that there is a need for top management to continuously emphasize the focus on collecting and disseminating market intelligence, and that risk aversion does not affect intelligence generation or dissemination but has a negative effect on the responsiveness of the organisation. This is important to highlight as it indicates that if a top manager is not willing to take calculated risks, the organisation is less likely to be responsive to change in customer needs.

Similarly, the interdepartmental dynamics antecedent refers to interdepartmental conflict and connectedness, where interdepartmental conflict or disagreements between functional areas of an organisation are likely to reduce or inhibit the level of market orientation (Jaworski & Kohli 1993). Further, the number of departments within an organisation is not as important as their level of connectedness (Jaworski & Kohli 1993; Kuada & Buatsi 2005). Jaworski and Kohli's (1993) findings confirmed in their research that connectedness promotes greater levels of market orientation.

The third set of antecedents refers to organisational systems, these are formalization, centralization, departmentalization and reward systems. Formalization refers to the degree to which rules and regulations are defined within an organisation (Jaworski & Kohli 1993). These rules and regulations can inhibit market orientation by having too many regulations that discourage sharing of information. By implementing processes, procedures and policies and various degrees of structure in an organisation, it has been found to reduce uncertainty in employees and help them to cope in stressful situations (Newman & Nollen 1996).

Centralization refers to the centrality of decision-making authority and responsibility in the organisation. Centralization is maximized when one person makes all the final decisions (Jaworski & Kohli 1993). It has been found that centralization hinders market orientation by reducing intelligence generation, dissemination and responsiveness (Kohli & Jaworski 1993).

Departmentalization refers to the number of departments into which organisational activities are separated. The number of departments is not as important as the connectedness and level of conflict among the departments.

Reward Systems refers to employee performance and evaluation systems that focus on market-based measures of performance. Market oriented reward systems increase market orientation (and thereby performance) by rewarding employees for specific measurable outcomes and behaviours (Kohli & Jaworski 1990; Ruekert 1992). Reward systems have shown a strong positive effect on market orientation in profit-based firms (Kirca et al. 2005; Kohli & Jaworski 1993). In fact, the design of the reward system was found to have the strongest impact on market orientation of all the dimensions in the study. The 'right' reward system facilitates a market orientation.

The consequences of a market orientation in this model are improved business performance and improved sense of pride and organisational commitment of employees. In both cases, there was strong evidence that supports the relationship between a market orientation and these two consequences. In fact the authors suggested that it may be useful to empower employees to make decisions rather than to centralize decision making.

Finally, the authors assessed whether the environmental factors: market turbulence; competitive intensity; and technological turbulence had any affect on the relationship between market orientation and organisational performance, and found that there was no significant relationship. To summarize, the authors found all the antecedents to be important, however some dimensions within the antecedents, like departmentalization were not as important as others. The most important dimension was identified as reward systems.

The empirical studies that have tested this model of antecedents and consequences of market orientation have considered the validity and robustness of the model in a range of different cultural and business contexts (both profit and non-profit) and generally the model has maintained its structural validity (Hashim, Baka & Rahim 2011; Cervera, Molla & Sanchez, 2001; Brettel, Engelen, Heinemann & Vadhanasindhu 2008).

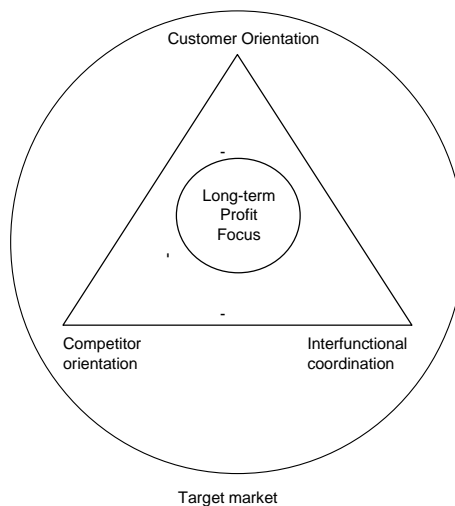
This means that the pattern of relationships proposed by Jaworski and Kohli in this model developed in 1993, have remained largely consistent regardless of the environmental, cultural and business context to which it has been applied. However, in one particular study in a non-profit context, a customer orientation was negatively associated with performance (Voss & Voss, 2000b), and the authors called for further research on the relationship of market orientation and performance, specifically in the non-profit context to assess whether this is the case for other types of non-profit organisations.

This model has been adapted in a number of studies, where some antecedents were added, removed or modified in order to more accurately address the research question of the particular study (Sorjonen 2011; Chelariu; Ouattarra & Dadzie 2002). For example, in a recent study that examined the antecedents of market orientation in an arts organisation the author created a new set of cultural antecedents that comprised of values, norms, beliefs or assumptions and artifacts, and then grouped Jaworski and Kohli's antecedents: interdepartmental dynamics; organisational systems; and top management commitment into a second group called socio-structural antecedents in an attempt to build a multi-faceted view of market orientation in arts organisations (Sorjonen 2011). The study contributed to market orientation research in two ways, first, it adapted and refined the dimensions of market orientation, and secondly, it highlighted the cultural and sociostructural antecedents of market orientation by describing their components and presented findings on their relationship to market orientation. This work therefore provides precedence for future researchers to build on Jaworski and Kohli's model without the need to necessarily re-specify its dimensions. For the purposes of this study there is a need to review each of the antecedents and its dimensions as previous studies have confirmed that in the non-profit context, the dimensions are not always applicable (Voss and Voss, 2000b; Kara, Spillan DeShields 2004; Gonzalez, Vijande & Casielles 2002). The next section will discuss Narver and Slater's (1990) model.

#### 2.2.4 Narver and Slater's (1990) Market Orientation Model

One common way to conceptualize organisational performance is to look at profitability or economic value in the profit-based context. This is the premise of the model of market orientation proposed by Narver and Slater in 1990 and shown diagrammatically in Figure 2.2. Their model considers market orientation to be evidenced by business behaviours comprising: Customer Orientation; Competitor Orientation; and Inter-functional Co-ordination all from a long-term profit perspective. Thus, in their model, market orientation leads to economic value for a profit based business. Narver and Slater's model conceptualizes a cultural-oriented approach and takes the viewpoint that market orientation is a culture, attitude or philosophy, and this contribution is still applicable.

**Figure 2.2. Model of market orientation**



Source: Narver and Slater (1990) 'The effect of a market orientation on business profitability' Journal of Marketing, October 1990, pg 23.

Narver and Slater's (1990) model was developed soon after Kohli and Jaworski (1990) published their model of the market orientation construct based on a cultural-oriented approach, and the behaviours that were conceptualized in Narver and Slater's model took Kohli and Jaworski's model into consideration which further substantiated the relevance of Kohli and Jaworski's (1990) original model.

The two approaches to market orientation have been combined to provide a more comprehensive and holistic view of the market orientation construct, (Sorjonen 2011; Cadogan & Diamantopoulos 1995; Kumar, Subramanian & Yauger, 1998). So, in this study a revised market orientation construct will be presented that includes both Narver and Slater's (1990) three business behaviours: customer orientation, competitor orientation and interfunctional coordination, as well as Jaworski and Kohli's (1993) market orientation variables: intelligence generation, intelligence dissemination and responsiveness, as the incorporation of both marketing activities (Jaworski and Kohli 1993) and marketing behaviours (Narver and Slater 1990) provides more holistic view of the indicators of a market orientation within a firm.

Although Narver and Slater's (1990) model and Kohli and Jaworski's models (1990; 1993) have been tested in the sub-Saharan profit-based context, there has been a call for further research to test the validity and reliability of these models in other Sub-Saharan, emerging countries (Chelariu; Ouattarra & Dadzie 2002; Burgess & Nyajeka 2007; Farley, Hoenig & Ismail 2008). Therefore, the remainder of this chapter extends to identify precisely how, theoretically, the non-profit context and the South African context would impact Jaworski and Kohli's antecedents and consequences of market orientation model in terms of both its structure and its dimensions.

To summarize, a review of the literature to date has highlighted the consistent findings that there is a positive impact of market orientation on organisational performance and this has been extensively examined in relation to a range of different profit-based businesses. By contrast, less work has been done investigating this relationship within the context of non-profit organisations (Shoham, Ruvio, Vigoda-Gadot & Schwabsky 2006; Kara, Spillan & DeShields 2004; Cano, Carrillat & Jaramillo 2004; Cervera, Molla & Sanchez 2001) and in emerging economies (Chelariu; Ouattarra & Dadzie 2002; Burgess & Nyajeka 2007; Farley, Hoenig & Ismail 2008). The next section will focus a discussion of the non-profit organisation business context and the business challenges non-profit organisations face, and how these issues are likely to impact any theoretical model of antecedents and consequences of market orientation.

## **2.3 The non-profit organisation business context**

This section will review the existing literature pertaining to market orientation and organisational performance as it relates to non-profit organisations.

### **2.3.1 Literature overview of non-profit organisations**

Traditional non-profit organisations play a major role in a community or society, helping to provide basic social welfare services, health and education to millions of disadvantaged people. In the United States for example, in 2008 there was estimated to be more than 1.5 million non-profit organisations in existence <<http://nccsdataweb.urban.org>>. These organisations include public charities, private foundations and other non-profit organisations totalling annual revenue of \$1.6 Trillion.

Non-profit organisations are different from profit-based organisations as they are mostly founded to support a defined cause and have non-financial objectives to achieve a social mission or create social value. Social value or social impact is created when resources, processes and policies are combined to generate improvements in the lives of individuals or society <<http://hbswk.hbs.edu/archive/1957.html>>.



Therefore, because non-profit organisations do not have the goal of profit maximisation (economic value or economic impact), they do not operate with surplus resources to act as a 'risk cushion' to account for changing demands and circumstances. This means that non-profit organisations must be inherently sustainable in their operational strategies.

Along with the social mission, comes the requirement to organize and oversee voluntary social action directed at humanitarian problem solving (Gallagher & Weinberg 1991). To do this non-profit organisations need to attract resources (e.g. funds and volunteers); establish priorities for social action programmes; and allocate resources to beneficiaries (Gallagher & Weinberg 1991). Non-profit organisations that have adopted a market orientation have reported a positive impact on organisational performance. This relationship will be discussed in more detail.

### **2.3.2 Market orientation and organisational performance in the non-profit context**

It was not until the early 1980's that there was any reported evidence that non-profit organisations had adopted the marketing concept in the United Kingdom and United States (Gallagher & Weinberg 1991). It was at this time that the marketing concept, and its related activities, became a valuable management tool in non-profit organisations, with the result being that they were able to raise public awareness and increase resources. Using marketing techniques, non-profit organisations were able to use media attention to strengthen their position when lobbying for a cause, and they were better able to understand and then capitalise on their stakeholders' and donors' motivations for giving (Campbell 1999; Gallagher & Weinberg 1991; Shelley & Polonsky 2002; Sargeant 1999; Cary 1991). Increasingly, since then non-profit organisations have adopted market orientation to various degrees in order to better promote the economic and social value associated to their mission (Clohesy 2003; Sargeant, Foreman & Liao 2002; Gainer & Padanyi 2004, 2005).

Numerous researchers have sought to identify what specific components of a market orientation pertain to the non-profit context, and many of these researchers have adapted either Narver and Slater (1990) or Jaworski and Kohli's (1990; 1993) market orientation approaches. In one particular case, Narver and Slater's (1990) model was adapted for the non-profit context by Gonzalez, Vijande and Casielles (2002). Gonzalez, Vijande and Casielles (2002) identified the need for non-profit organisations to have a dual-oriented culture where there is focus on creating a value proposition for both the beneficiary and donor target markets. They therefore proposed an adaptation to the Narver and Slater (1990) model where the customer orientation construct was renamed beneficiary and donor orientation and the dual-oriented approach was defined for each market. In the case of the beneficiary market, the approach was to create a value proposition that addressed to their specific needs and not to specifically relate to them as 'customers' but more as valued stakeholders and recipients of their product or service.

Gonzales, Vijande and Casielles (2002) stated that a specific set of behaviours is required toward each orientation that determines the indicators of a market orientation. Whilst the changes proposed by Gonzales and Vijande (2002) to Narver and Slater's (1990) model of market orientation to account for a non-profit organisation business context provide useful indicators for future researchers in this area, the model only provides a theoretical representation of the principles of market orientation and does not indicate how to implement market orientation within a non-profit organisation.

The relationship between market orientation and organisational performance in non-profit organisations was first investigated in the early 1990's (Wood & Bhuian 1993). Table 2.3 summarizes studies that have examined the impact of market orientation on organisational performance in non-profit organisations.

Non-profit organisations that have adopted a market orientation have noted a positive impact on organisational performance (White & Simas 2008; Gainer & Padanyi 2002; Shoham, Ruvio, Vigoda-Gadot & Schwabsky 2006; Vazquez, Alvarez & Santos 2001; Kara, Spillan & DeShields 2004; Balabanis, Stables & Phillips 1997; Padanyi & Gainer 2004; 2005; Drucker 1990; Kotler & Andreasen 1996; Sargeant 1999).

This suggests that some non-profit organisations understand the value of having a customer-focused orientation and the adoption of a market orientation. In the studies shown in Table 2.3 a number of different methods for measuring performance in non-profit organisations have been used, including a combination of non-financial and financial measures (Herman & Heimovics 1994; Herman 1990).

Methods for measuring performance in non-profit organizations are varied and not many have been widely accepted as non-profit organizations have multiple criteria of effectiveness and these criteria are usually independent of one another (Herman & Renz 2008; Padanyi & Gainer 2005; Smith 1988). Non-profit organizational performance effectiveness is multidimensional and empirical studies that analyse non-profit organizational effectiveness use both non-financial (employee satisfaction, customer orientation, quality, and public image) and financial performance measurement criteria (Baruch and Ramalho 2006). There have been qualitative methods as well as quantitative methods like donor increases and funding ratios (Wood and Bhuian 1993).

Another criterion that was used to measure performance in non-profit organization studies was efficiency, measured as input-output ratio (Baruch and Ramalho 2006; Vazquez et al. 2001). Most researchers have concluded that performance measures for non-profit organizations should be tailored to their specific mission and context and that non-profit organizational effectiveness is multidimensional therefore cannot be assessed with a single indicator (Herman & Renz 2008; Hetrick 2004).

**Table 2.3 Studies where market orientation impacts organisational performance in non-profit organisations**

Research study	Measurement scales	Empirical Settings	Findings
Balabanis, Stables & Phillips (1997)	market orientation: Kohli et al. (1993)	58 non-profit organisations in the UK	There is a lag effect between market orientation and performance. Past market orientation affects performance, takes time to yield rewards.
Vazquez, Alvarez and Santos (2001)	Based on Narver & Slater (1990), Hooley et al. (1990); Ruekert (1992); Diamantopoulos and Hart (1993); Deshpande et al. (1993); Kohli et al. (1993); Pelham (1993); Deng and Dart (1994); Deshpande and Farley (1998); Grey et al. (1998).	191 foundations	The development of a market orientation measurement scale that accounts for the peculiarities of private non-profit organisations' operations. Additionally the study proves the positive effect of market orientation in the non-profit outcomes and on the fulfilment of these organisations' missions.
Gainer & Padanyi (2002)	Market oriented activities: Likert based on Kohli, Jaworski and Kumar (1993); Market oriented culture; Likert Narver and Slater (1990); Performance: based on Herman (1990)	non-profit arts organisations in Canada	non-profit organisations that implement more market-driven activities into their marketing plans were more likely to develop a market-oriented culture, which resulted in growth in resources, higher levels of customer satisfaction and a growth in reputation among peers
Padanyi and Gainer (2004)	market orientation: Narver & Slater (1990); Kohli et al. (1993)	453 non-profit organisations in Canada	non-profit organisations hold multiple market orientations, which are independent constructs that vary across organisations, and orientations towards different markets impact different performance dimensions. Different resource structures affect market orientation-performance relationships. The implementation of the marketing concept provides different benefits in the non-profit and for-profit sectors.
Kara, Spillan and DeShields (2004)	market orientation: Kohli, Jaworski & Kumar (1993)	148 non-profit organisations in the US	The Kohli, Jaworski & Kumar (1993) scale provided a good measure of market orientation in non-profit organisations. market orientation positively impacts performance.
Padanyi and Gainer (2005)	market orientation: Narver & Slater (1990); Kohli et al. (1993); performance: Padanyi & Gainer (1998)	559 non-profit service organisations in Canada	There is a positive relationship between market-oriented behaviours and organisational performance is mediated by market-oriented culture.
Shoham, Ruvio, Vigoda-Gadot and Schwabsky (2006)	Meta analysis	11 papers	Adopting a market orientation improves organisational performance in the non-profit sector to a stronger degree than in the for-profit sector
White & Simas (2008)	market orientation: Based on Grey et al. (1998); Church performance based on Unterman and Davis (1984)	230 non-profit religious organisations in US	A large percentage of modern churches in the US have adopted a market-oriented culture.

Source: developed for this research

However, only few researchers have attempted to define these dimensions (Herman 1990; Kushner 1996; Fiegenbaum et al. 1996; Shoham & Fiegenbaum 1999, 2002; Ritchie & Kolodinsky 2003). Another approach to measuring performance for non-profit organizations utilizes strategic reference points (SRP) theory (Fiegenbaum, Hart, & Schendel 1996; Shoham & Fiegenbaum 1999, 2002).

This approach states that performance should include an internal dimension, an external dimension and a temporal dimension. An internal dimension refers to the means that the organisation would use to measure performance, and the desired results, the external dimension refers to important stakeholders and their perspectives, e.g., clients, political leadership, and the temporal dimension refers to performance benchmarked against past achievements, present plans and future goals (Ruvio, Shoham, Vigoda-Gadot and Schwabsky 2003). Market orientation has also been found to impact performance directly and indirectly in the non-profit sector, e.g., market orientation – organizational commitment – performance (Shoham et al. 2006).

Although these approaches include different dimensions they do not adequately address the multiple constituency reality that non-profit organizations have, which refers to their need to address both their donor and beneficiary markets simultaneously, nor do they assess how the organisation acquires resources and the efficient use of this research in order to achieve its mission. Additional literature on the measurement of organisational performance in the non-profit sector suggests that, because non-profit organisations have multiple and sometimes conflicting objectives, it is a requirement to have multiple non-financial measurements in addition to measuring financial performance (Kanter, Rosabeth, Moss & Summers 1987; Herman, Robert and Heimovics 1994; Herman 1990). Of particular importance are multidimensional approaches which measures effectiveness in several different ways simultaneously that incorporate financial and non-financial measures (Cameron 1982; Connolly, Conlon & Deutch 1980; Zammuto 1982; Quinn & Rohrbaugh 1983).

Herman (1990) developed four performance measurements for non-profit organizations, namely: financial measures like unit cost data, client/constituent satisfaction, peer reputation and outcome measures like (such as patient mortality rates or student achievement scores).

The author suggested that the use of unit cost data combined with client satisfaction data is more useful than traditional financial measures, as should there be a positive correlation between these two measures, however there would be a threshold as the unit cost increases.

Constituent satisfaction measures were based on the premise that not all constituents are equally important, therefore weights are used for each group. It is expected that by using these performance variables a multi-dimensional performance measure of the organisations's external orientation will be achieved, as these variables focus on the organisations's multiple constituencies, the donor/resource market as well as their beneficiaries and the measures will be impacted by focused marketing activities and are therefore relevant to this study of marketing orientation. Social value or social impact is another non-financial measurement criteria that assesses to how an organization's actions affect the surrounding community. Other empirical studies used similar non-financial measurement criteria, so it would be prudent to assert that these measurements would be adequate for the purpose of this study (Baruch and Ramalho 2006; Herman & Heimovics 1994).

To summarize, in order to measure organisational performance in the non-profit context non-financial measurement criteria will be required. For the purposes of this study, three non-financial measurement variables will be considered: social impact, peer reputation and resources. Section 3.4.4 provides a detailed description of how the three organisational performance variables will be measured in this study.

A summary of the main findings of the differences in relation to the adoption of a market orientation between non-profit and profit-based businesses is as follows:

Non-profit organisations have a *dual market orientation consisting of both donors and beneficiaries* and there is a need to collect information from two distinct target market customers, to respond to each of these markets separately (Gonzales, Vijande & Casielles 2002).

- a) *Donor segments* are broken into three groups, consisting of consumer donors, public donors and corporate donors. This categorization of donors and beneficiaries is important as it further defines the non-profit organisation's markets into smaller segments, allowing for more targeted marketing and communication to the various groups (Balabanis, Stables & Phillips 1997).
- b) There is often too much focus on beneficiary market and *too little focus on funders* in profit based studies. Funders are generally the more important of the two constituencies as they provide the financial resources to operate the organisation, and without these resources non-profit organisations would not exist (Naidu & Narayana 1991; Raju, Lonial & Gupta 1995; Kumar, Subramanian & Yauger 1998; Voss & Voss 2000; Wood, Bhuian & Kiecker 2000; Vazquez, Alvarez & Santos 2002).
- c) Non-profit *organisational performance effectiveness is multidimensional*, and cannot be assessed effectively with a single indicator. Empirical studies that have analysed non-profit organisational effectiveness use both non-financial (employee satisfaction, customer orientation, quality and public image) and financial performance measurement criteria (Baruch & Ramalho 2006) and the performance measures should be tailored to their specific mission. (Taylor et al. 2008; Haughland, Myrtvelt & Nygaard 2007; Sin, Tse, Heung & Yim 2005, Herman & Renz 2008).
- d) Non-profit managers require a *management style, business and social skills* that are sensitive to the needs of their multiple target customers in order to build and maintain strong relationships. non-profit organisations generally need to maintain a higher number of business relationships than profit-based organisations for their continued sustainability. (Laing & Galbraith 1997; Drucker 1990).

- e) Non-profit organisations need to continually find new sources of funding to be sustainable and therefore the performance measures should include three additional activities. Namely: *continually analyse funding, continually send proposals to funding sources and to focus on attaining periodic funding.* (Kara, Spillan & DeShields 2004).
- f) Market orientation in a non-profit organisation that has multiple target markets also has *multiple cultures, behaviours and set of activities* for each target customer (Gainer & Padanyi 2002; 2003; 2004). Non-profit organisations need to have two different marketing strategies, one towards the beneficiary market and the other toward the donor market.
- g) Stakeholders and investors, or donors, often want information about how well the non-profit organisation is achieving its social mission and this is *hard to measure in quantifiable terms* and thus to report on.
- h) The reality in most non-profit organisations is that the approach to raising funds is '*conventional fundraising*' where there is an appeal for funds rather than directed marketing activities designed to generate revenue. This creates a '*welfare dependent*' style of culture within the organisation (Dees 1998; Emerson 2003; Bissell 2003; Cousin 1990) and can result in the non-profit organisation having low levels of financial sustainability with increased risk when they are reliant on high levels of donations and government funding.
- i) Non-profit organisations are often driven by a *passionate individual that wants to contribute to their community/society* and often these people tend to lack traditional business training or education. Therefore, their ability to conceptualise a strategic, long-term approach to the operation of their business and the concept of organisational culture and market orientation are often foreign and seen as time wasted from attracting resources and assisting those in need. There is often a general lack of understanding and knowledge of how a market orientation could add value to their organisation (Conway & Whitelock 2004; Bissell 2003; Polonski & Wood 2001; Cousin 1990; Bloom & Novelli 1981; Gallagher & Weinberg 1991; Dees 1998; Kohli & Jaworski 1990; Narver & Slater 1990).
- j) This focus on survival for non-profit organisations tends to result in a *short term focus* when it comes to planning and strategic thinking (if any occurs at all).



- k) Non-profit organisations are comprised of a workforce of mostly *volunteers* with some fully paid employees organised either formally or informally. This creates challenges for non-profit organisations as it often results in a lack of consistency and accountability when it comes to achieving organisational objectives.

Further review of the extant literature indicated that many non-profit organisations are not fully implementing the marketing concept, and as a result are at risk of failure as they are not likely to be addressing their multiple target customers adequately. (Singh 2006; Boschee 2006; Drayton 2005; Barendsen & Gardner 2004). As a result, non-profit organisations often focus their efforts on the market they feel to be the most important, and fall short of making a significant social impact when it comes to achieving their objectives (Singh 2006; Boschee 2006; Drayton 2005; Barendsen & Gardner 2004; Berger, Cunningham, & Drumwright 2004; Alter 2006; Sullivan Mort, Weerawardena & Carnegie 2002; Winfield 2005; Bornstein 1998, 2003; Emerson 2003; Dees 1998; Prabhu 1998).

In addition to identifying the differences between non-profit and profit-based business operations, the literature also revealed a number of business challenges that non-profit organisations face that are likely to impact how those businesses approach decisions about strategic alignment and the adoption of any new approach to business practice. These are discussed next.

### **2.3.3 Business challenges facing non-profit organisations**

The existing literature relating to non-profit organisations identified four key challenges that could be resolved with the adoption of a market orientation: These were: lack of strategic focus; management issues; lack of customer orientation and relationship management. These four challenges will be discussed in briefly next.

### **Lack of strategic focus and management issues**

The main findings suggest that: a lack of strategic management business skill and experience; a lack of human and financial resources; little or no formal strategic business processes and planning inhibit the ability of many non-profit organisations to achieve their social mission let alone meet their operational costs (Gallagher & Weinberg 1991; Cousin 1990; Conway & Whitelock 2004; Polonski & Wood 2001; Emerson 2003; Dees 1998). General weakness in non-profit organisational structure and formal business processes were also found to be contributing factors (Cousin 1990; Gallagher & Weinberg 1991; Conway & Whitelock 1991; Polonski & Wood 2001; Dabbs 1991; Emerson 2003; Dees 1998; Alter 2006; Bonini & Emerson 2005; Tyson 2004). Thus the adoption of a market orientation would allow non-profit organisations to develop clear business objectives and a well defined operational model to achieve a competitive advantage and deliver value to their target customers. This in turn would result in the creation of a more formal internal organisational structure and business-like approach which ultimately should result in an improvement in the non-profit organisation's financial sustainability (Docherty & Hibbert 2003; Drumwright & Murphy 2001; Varadarajan & Menon 1988; Arozian 2003).

### **Customer orientation and relationship management**

From an external perspective, the business challenges that were identified in the existing literature were a general lack of focused effort in developing business relationships with potential donors as well as a lack of customer orientation and a lack of understanding of competitors (Conway & Whitelock 2004; Rees & Gardner 2003; Berger, Cunningham & Drumwright 2004). With government funding diminishing, and non-profit organisations having to become more and more dependent on corporate donors and other potential donors for financial resources, not having a customer orientation could significantly impede their ability to secure financial resources and negatively impact their rate of survival (Dees 1998). Adoption of a market orientation would allow these non-profit organisations to communicate more effectively with their stakeholders, and to foster relationships and business partnerships with these stakeholders in order to raise capital (Rees & Gardner 2003; Gallagher & Weinberg 1991).

The literature also revealed that most traditional non-profit organisations did not have a formal marketing department in place with a skilled and experienced marketing management team (Docherty & Hibbert 2003; Drumwright & Murphy 2001; Varadarajan & Menon 1988; Arozian 2003; Graham 2004; Bissell 2003; Dyer, Buell, Harrison & Weber 2002; Hall 2002; Shelley & Polonsky 2002; King & Tchepournyhk 2004; Chaney & Nitha 2001; Van den Brink, Oderkerken-Schroder & Pauwels 2006; Fromherzm 2006). This resulted in a lack of marketing planning, the absence of a value proposition, a lack of any brand building strategy or public relations activities and little or no understanding of the needs of target audiences and the impact of competition. The types of marketing activities that these organisations were performing were short-term focused, tactical fundraising activities. A summary of the research reviewed on these external factors is described in Table 2.4.

So, the key factors that have been found to negatively impact non-profit organisations are: a) a lack of strategic focus; b) a lack of suitable management skill and education; c) lack of adoption of a market orientation and d) a lack of the implementation of a relationship management strategy. It is fair to say, based on the existing literature that if a non-profit organisation adopts a market orientation that some, if not all of the abovementioned key factors will be addressed. It would also be fair to assume that this would then improve their overall organisational performance. The next section will provide a summary of the implications of the non-profit context for the model of antecedents and consequences of market orientation. This is based on a detailed review of the existing literature on the non-profit CEO characteristics and the social enterprise business model.

**Table 2.4 A summary of research reviewed on the factors that impact the effectiveness of non-profit organisations**

Key Focus Area	Sub-Area	Source	Summary of Results
1.Strategic Focus	1.1 business objective / motive 1.2 business models	(Gallagher & Weinberg 1991) (Cousin 1990) (Conway & Whitelock 2004) (Polonski & Wood 2001) (Dabbs 1991) (Emerson 2003) (Dees 1998) (Alter 2006) (Bonini & Emerson 2005) (Tyson 2004)	<ul style="list-style-type: none"> <li>▪ Do not operate like a business, do not use business tools eg: business plan</li> <li>▪ Do not have clear business objectives, mission statement and core values</li> <li>▪ Does not have clear business model</li> <li>▪ Welfare dependent</li> <li>▪ Does not have a sustainability strategy or resource strategy</li> <li>▪ No defined operational model to achieve competitive advantage and deliver value to recipients</li> </ul>
2.Management Issues	2.1 Flat vs. hierarchical structure 2.2 Board of Directors 2.3 Management & leadership	(Hager, Rooney & Pollak 2002) (Scanlan 2001) (Gallagher & Weinberg 2001) (Whitelock 2004) (Scanlan 2001) (Walker 2001) (Fisher 1999) (Davis Smith 1997) (Austin 1998) (Smith 1997) (Winfield 2003) (Srivastva 2004) (Emerson 2003) (Alter 2006) (Guclu, Dees & Anderson 2002) (Barendsen & Gardner 2004) (Singh 2006) (Bonini & Emerson 2005) (Bornstein 1998) (Curtner 2005) (Drayton 2005) (Sullivan Mort, Weerawardena & Carnegie 2002) (Hibbert, Hogg & Quinn 2002)	<ul style="list-style-type: none"> <li>▪ Management style is informal and organisation is unstructured</li> <li>▪ No executive management team in place , no business skills</li> <li>▪ Does not have adequate number of full time staff to focus on fundraising effort</li> <li>▪ Not able to achieve business objectives</li> <li>▪ Does not recruit influential volunteers</li> <li>▪ No mutually beneficial business relationships</li> <li>▪ No staff available to manage and implement projects</li> </ul>

**Table 2.4 A summary of research reviewed on the factors that impact the effectiveness of non-profit organisations continued**

Key Focus Area	Sub-Area	Source	Summary of Results
3. market orientation	3.1 The Marketing Division 3.2 Strategic marketing decision making process 3.3 Strategic Marketing 3.4 Competition 3.5 Value proposition and building brand equity 3.6 Market research 3.7 The Marketing Plan 3.8 Communications Strategy / Public Relations 3.9 Fundraising Strategies / Raising Capital	(Docherty & Hibbert 2003) (Drumwright & Murphy 2001) (Varadarajan and Menon 1988) (Meyer 1999) (Arozian 2003) (Hardy 1991) (Liraz 2002) (Weingand 1995) (Borman 1995) (Graham 2004) (Cousin 1990) (Bissell 2003) (Gallagher & Weinberg 1991) (Wilson & Anell 2001) (Porter & Kramer 2006) (Boschee 2006) (Dyer, Buell, Harrison & Weber 2002) (Hall 2002) (Campbell 1999) (Cary 1991) (Shelley & Polonsky 2002) (King & Tchepournyhk 2004) (Chang & Nitha 2001) (van den Brink, Odekerken-Schroder & Pauwels 2006) (Fonherzm 2006)	<ul style="list-style-type: none"> <li>▪ No marketing function to be in place with marketing director/manager or marketing team</li> <li>▪ Does not make strategic marketing decisions</li> <li>▪ Does not focus on long term marketing strategies</li> <li>▪ No marketing plans</li> <li>▪ No value proposition</li> <li>▪ Tactical fundraising activities</li> <li>▪ No brand building strategy, no public relations function to change public attitude</li> <li>▪ Not customer-oriented</li> <li>▪ Does not understand target audience</li> <li>▪ Do not know competitors</li> <li>▪ No consistent brand and messaging</li> <li>▪ Does not conduct market research</li> <li>▪ Does not perform market segmentation</li> </ul>
4. Relationship management	4.1 Collaborative business partnerships 4.2 Customer Relationship Management	(Conway & Whitelock 2004) (Rees & Gardner 2002) (Bloom & Novelli 1981) (Christopher 1998) (Cousin 1990) (Moller & Halinen 2000) (Gold 2004) (Cousin 1990) (Gallagher & Weinberg 1991) (Berger, Cunningham & Drumwright 2004)	<ul style="list-style-type: none"> <li>▪ Does not develop or maintain mutually beneficial relationships over the long term</li> <li>▪ Is not in collaborative partnership with for-profit businesses, government and other non-profit organisations</li> <li>▪ Lack of trust, commitment, reciprocity and loyalty</li> </ul>

Source: Developed for this research

## **2.4 Summary of implications of the non-profit context for the model of antecedents and consequences of market orientation**

If a non-profit organisation were to apply the model of antecedents and consequences of market orientation, the structure and dimensions would need to be re-specified to more accurately capture the most pertinent elements in this context. The original Jaworski and Kohli (1993) model of antecedents and consequences of market orientation has three main constructs that were proposed as being important for adoption of market orientation. These were top management, interdepartmental conflict and organisational systems. The literature reviewed here relating to non-profit organisations' business challenges suggests that these antecedents as proposed in the original model may not sufficiently capture the nuances and specifics of this business context and therefore may need to be modified to take these findings into account. Each of the antecedents as proposed by the original model will now be considered in light of the research findings and literature review presented for non-profit organisation business contexts.

### **2.4.1 Top management: CEO characteristics**

Based on the business challenges discussed above, the top manager or non-profit CEO requires the following characteristics in order to drive the adoption of a market orientation: the ability to attract and acquire resources and build networks with corporate donors, Governmental bodies, investors and other grant funding bodies. The non-profit CEO requires the necessary business skill to plan strategically, implement the plan in a practical manner and report results to the necessary stakeholders. In addition to that the CEO needs to focus on serving their beneficiaries and have the necessary business experience and training to manage a team of employees and groups of volunteers to achieve their social mission. The literature review revealed that individuals that have entrepreneurial traits are affecting change in non-profit organisations and are driving the adoption of a market orientation more rapidly (Boschee 2006; Bornstein 2004; Alvord, Brown & Letts 2004; Dees 1998).

The top management construct in the original model consisted of the following dimensions: emphasis and risk aversion. The non-profit literature suggests that the dimensions of this construct may need to be modified to include the personal characteristics of the non-profit CEO such as level of education, business skill, social skill and entrepreneurial traits.

Based on the business challenges that were evidenced in the literature reviewed in relation to non-profit organisations, the importance of the non-profit CEO cannot be over emphasized. This individual is the instrument of change within a non-profit organisation that drives the adoption of a market orientation. This individual requires certain characteristics in order to create an entrepreneurial culture within a non-profit organisation so that all employees focus on the organisation's vision, mission, values, internal and external environments. This section will provide an overview of the specific characteristics of an entrepreneurial non-profit CEO in order to provide a more in-depth understanding of the attributes and behaviours of this type of leader and how these translate into the adoption of a market orientation that could improve organisational performance in non-profit organisations.

In the previous research in a non-profit context, the top management construct was generally re-used as per the original model from 1993, in that the dimensions remained as emphasis and risk aversion and that top management's emphasis on the adoption of a market orientation was important in order to drive change within the organisation. However, based on the literature reviewed here, new evidence of CEO activities, behaviours and attributes were found that have not been included in the 1993 model that require focus and consideration.

Specifically, the individual characteristics of social entrepreneurship appear to be particularly important for organisational success in the non-profit context. Social entrepreneurship is the ability to create social value opportunities and an innovative social venture through the use of market-based activities to solve social needs and generate income through innovation and calculated risk taking (Dees & Anderson 2003; Thompson 2002).

A summary of the social entrepreneurship literature depicted in Table 2.5 highlights early attempts between 1987 and 2002 to conceptualize the social entrepreneurship construct in a number of contexts, including the public sector, community organisations, social action organisations and charities. Table 2.5 indicates that this topic has been an area of interest for scholars and researchers in the entrepreneurial domain, however, there was little consensus on the conceptualization and definition of social entrepreneurship until more recently.

A more recent definition that combines academic and practitioner perspectives is that social entrepreneurship is ‘the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals’ (Shaw & Carter 2007 pp 124). This definition is interesting as it proposes the notion that a certain type of individual is the driving force behind these opportunity generating activities. These authors use words like ‘visionary, passionate and dedicated’ to describe the kind of person that is required to perform this kind of role. Further investigation uncovered that this individual is termed the ‘social entrepreneur’, and this new management phenomenon has emerged in the social entrepreneurship literature that is unique to the social enterprise organisation.

A social entrepreneur is a person who drives the social enterprise to achieve its goals (Bonini & Emerson 2005; Alter 2006; Dees 1998), and previous studies have highlighted the need for traditional non-profit organisations to be more innovative and entrepreneurial in their leadership (Burgess & Nyajeka 2007; Goosen, de Coning & Smit 2002; Hamel & Prahalad 1994; Slater & Narver 1995). Social entrepreneurs have been credited with making social enterprise organisations more structured, more business-like and more strategically focused than has been the case in traditional non-profit organisations. They are also known to be more likely to adopt a market orientation, and as a result this has led to improved organisational performance. (Bonini & Emerson 2005; Alter 2006; Dees 1998). The social entrepreneur phenomenon has been examined in recent years into a sub-discipline within the field of entrepreneurship, and has gained increasing attention from entrepreneurship scholars.



**Table 2.5 Early attempts to conceptualize Social Entrepreneurship between 1987 – 2002 (chronological order)**

Author(s)	Focus or objective(s) of the paper	Domain	How was the SE construct conceptualized (key dimensions)	Definition of social entrepreneurship
King and Roberts (1987)	Describes the impact of public sector entrepreneurs on policy in a state government	Public sector	None	SE defined in terms of innovation and leadership characteristics
Waddock and Post (1991)	To define who SEs are and what they do	Public sector/social action	1) Ability to deal with problem complexity 2) Credibility 3) Commitment to collective purpose	Creating or elaborating a public organisation so as to alter greatly the existing pattern of allocation of scarce public resources.
Campbell (1997)	Prescription for developing new social-purpose business ventures (focus on health care industry)	Social enterprises	None	Social purpose ventures provide communities with needed products or services and generate profit to support activities that cannot generate revenue
Henton et al. (1997)	Outline the contribution of civic entrepreneurs to community growth	Individuals working in either for profit or non-profit s	None	Civic entrepreneurs recognize opportunities and mobilize other to work for the collective good
Leadbeater (1997)	Investigate the use of SE to provide services that the UK welfare state cannot or will not	non-profit/social action	1) Ambitious leadership 2) Creative use of minimal resources 3) Formation of inclusive organisation that build long-term relationships with clients	Identification of under-utilized resources which are put to use to satisfy unmet social needs
Cornwall (1998)	Describing the social impact of entrepreneurs in low income communities	non-profit/community development organisation	None	Entrepreneurs have social responsibility to improve their communities
Dees (1998a)	Definition of social entrepreneurship	Public organisation/ non-profit organisation	Five key dimensions: social mission; pursuing new opportunities; continuous innovation; acting boldly; heightened sense of accountability	
Dees (1999b)	Outlines strategies for non-profits to obtain funding	non-profit organisations	None	non-profits discovering new funding sources and strategies
Prabhu (1998)	Investigation of concept of social entrepreneurial leadership	non-profit/social action	None	Entrepreneurial organisations whose primary mission is social change and the development of their client group
Ryan (1999)	Looks at impact of the entry of large for-profit corporation on the operations of non-profit organisations	non-profit organisations	None	Not really defined
Wallace (1999)	Examine role of social purpose enterprise in facilitating community development	non-profit community development organisation	None	Entrepreneurs have social responsibility to improve their communities – derives from social and political cohesion in a community
Thompson et al. (2000)	Review of private sector SE	For profit organisations	None	The process of adding something new and something different from the purpose of building social capital – focuses on actions taken by private sector actors
Cook, Doods, and Mitchell (2002)	Attacks the idea that SE can replace welfare state initiatives as misguided and dangerous	Social enterprises	None	Social partnerships, between public, social and business sectors designed to harness market power for the public interest

**Table 2.5 Early attempts to conceptualize Social Entrepreneurship between 1987 – 2002 continued.**

Author(s)	Focus or objective(s) of the paper	Domain	How was the SE construct conceptualized (key dimensions)	Definition of social entrepreneurship
Borins (2000)	Studies two sets of entrepreneurial public leaders to assess characteristics of public entrepreneurship-are they rule-breakers or positive leaders?	Public sector organisations	Measures for: 1) the source of innovation 2) the type of innovation 3) conditions leading to the innovation 4) supporters of the innovation and 5) obstacles to innovation	Leaders that innovate in public sector organisations
Canadian Centre for Social Entrepreneurship (2001)	General review of Social Entrepreneurship. In particular looking at the impacts of globalization and the rise of dual bottom line reporting	non-profit organisation and corporations	1) socially oriented private sector activity and 2) entrepreneurial action in non-profit enterprises	Innovative dual bottom line initiatives emerging from the private, public and voluntary sectors. The 'dual bottom line' refers to the emphasis placed on ensuring that investment generates both economic and social rates of return.
Hibbert et al. (2001)	Measures the attitudes of consumers to a social entrepreneurial initiative (The Big Issue – a magazine that supports the homeless)	non-profit/social action	None	The use of entrepreneurial behaviour for social ends rather than for profit objectives, or an enterprise that generates profits that benefit a specific disadvantaged group.
Smallbone et al. (2001)	Reviews social enterprises in the UK and makes policy prescriptions designed to support the development of SEs	Profit-based and non-profit	Contributions of SEs: job creation; training provision; provide services that the state does not, finance source, generate social capital benefit , provides physical resources; combat exclusion	Social enterprises defined as competitive firms that are owned and trade for a social purpose (includes non-profits, worker-owned collectives, credit unions, etc.)
Shaw et al. (2002)	Comprehensive review of social entrepreneurs – looks at characteristics, objectives, actions and prescriptions for encouraging them	non-profit organisations	Primary characteristics of social entrepreneurs: creativity, entrepreneurialism, agenda-setting, ethical	Bringing to social problems the same enterprise and imagination that business entrepreneurs bring to wealth creation
Thompson (2002)	Outline of the scope of SE – looks at who SEs are, what they do and what support is available to them	non-profit organisation	Four central themes from case studies: job creation; effective utilization of buildings,; developing volunteer support; focus on helping people in need	The process of adding something new and something different for the purpose of building social capital
Sullivan Mort et al. (2002)	To develop a conceptualization of SE as a multi-dimensional construct	non-profit organisation	1) Driven by social mission 2) show a balanced judgement 3) explore and recognize opportunities to create better social value for clients 4) innovative, proactive risk-taking	Searching for and recognizing opportunities that lead to the establishment of new social organisations and continued innovation in existing ones.

Source: Adapted for this research from Sullivan Mort, G, Weerawardena, J & Carnegie, K (2002)

Level of education plays a role in the success of the entrepreneur; in fact earlier studies have suggested that an entrepreneur must have extensive knowledge in a particular field (Alvord, Brown & Letts 2004). This type of entrepreneur is becoming more prevalent in the non-profit sector and they are often credited with turning community based social groups into successful organisations. Social entrepreneurs have been successful in launching social enterprises and solving social problems where governments and bureaucracies have not been able to succeed for various reasons, including an overwhelming number of social demands and challenges that government is unable to adequately address (Alvord, Brown & Letts 2004; Seelos & Mair 2005; Weerawardena & Mort 2006; Bornstein 2003).

Social entrepreneurs are often driven by their passion to meet the needs of a population (Bornstein 2004) or by their personal values (Drayton 2002; Hemmingway 2005), charisma (Roper & Cheney, 2005), and leadership skills (Thompson, Alvy & Lees 2000). Future research in this area was called to include a focus on the actions, behaviours and attributes of social entrepreneurs that help improve the performance of traditional non-profit organisations and social enterprises alike (Certo & Miller 2008; Alvord, Brown & Letts, 2004; Thompson 2002).

To summarise, the existing top management construct in the model of antecedents and consequences of market orientation (Jaworski & Kohli 1993) includes a consideration of the characteristics of the CEO, the measure used is their level of risk aversion and the emphasis that the CEO puts on the collection of market intelligence. The construct does not however include consideration of any other personal characteristics of the CEO such as their entrepreneurial ability. Entrepreneurial ability in the non-profit sector has been shown to be essential for the creation of social value opportunities and a social venture. It is characterised by the level of innovativeness, pro-activeness and propensity for risk taking shown by the individual, their level of business and social skills and also by their level of education.

The research findings discussed here consistently support the conclusion that the level of business skills, level of social skills, level of education and the degree of entrepreneurial traits of the CEO are all critical characteristics of management in non-profit organisations and all have been shown to influence organisational performance. It is therefore proposed that any model of antecedents and consequences of market orientation for non-profit organisations should include these individual characteristics of the CEO as part of the top management construct. Thus for the purposes of this research these proposed changes to this dimension will be incorporated into this study with the CEO construct to be re-named CEO characteristics to more accurately describe the elements of the construct.

Based on the literature review a firm may need to change their organisational culture in order to adopt a market orientation (Narver & Slater 1990). These changes could include taking a more prominent customer orientation and competitor orientation and achieving higher degrees of inter-functional co-ordination within the various departments of the organisation. The result of these changes together with an innovative approach to resource acquisition has been found to positively impact the degree of market orientation adopted by a firm (Narver & Slater 1990). These organisational behaviours and activities that ultimately lead to a market-oriented, entrepreneurial culture will be discussed next.

#### **2.4.2 Interdepartmental dynamics and employees: entrepreneurial culture**

The interdepartmental dynamics construct in the original model of antecedents and consequences of market orientation (Jaworski & Kohli 1993) consisted of conflict and connectedness. These dimensions along with those included in the employees construct, could all be considered as internal environmental factors as they all pertain to the organisations employees and possibly would be better served if they were combined into a single organisational culture construct. The consolidation of these two constructs has not been done in previous studies and the results of this type of consolidation will be examined for this first time in this study. The expectation is that by doing so, this revised construct will more strongly highlight the importance of the relationship between organisational culture and market orientation and organisational performance in the context of South African non-profit organisations.

The literature suggests that any investigation of organisational culture in the non-profit sector would need to include entrepreneurial cultural characteristics of the non-profit organisation such as having a dual-oriented culture (donor and beneficiary), innovativeness, pro-activeness and management's internal influence. In this study then it is proposed to re-name the interdepartmental dynamics and employee constructs of the original Jaworski and Kohli (1993) model as entrepreneurial culture to more accurately describe the elements of the construct with the context of the non-profit sector.

The literature highlighted that the adoption of a market orientation requires that the organisation understand the buyer's entire value chain in order to be able to create opportunities for closer relationships. This means that the organisation needs to constantly research the buyer's intentions and behaviours to establish their buying criteria (Narver & Slater 1990; Day & Wensley 1988). This culture of consistently seeking out new information about customers in order to better serve them drives a higher degree of market orientation. Similarly, a competitor orientation means that the organisation seeks to understand their short-term strengths and weaknesses and the long term capabilities of their current and potential competitors, and then use this information and intelligence to better utilize their limited resources to create value for their customers.

Entrepreneurial culture is evident in an organisation that emphasizes pro-activeness and constructive risk taking, and is usually influenced by the CEO or top management. A bureaucratic culture is evident when an organisation is characterized by regulations and formal structures, and a consensual culture emphasizes loyalty, tradition and internal maintenance. It is becoming apparent from this discussion that the only way a firm can successfully engage in and achieve cultural change to fully adopt a market orientation is if there is a will to achieve this from a top management perspective. This then lends itself to the view that within the organisation there needs to be an atmosphere of connectedness and the ability to address and resolve inter-departmental conflict while at the same time implementing organisational systems and processes that are formalized, centralized and departmentalized in an innovative, pro-active manner in order to achieve a social mission, hence Jaworski and Kohli's antecedents come into play (Jaworski & Kohli 1993).

The question then becomes whether a market orientation implemented by an entrepreneurial CEO results in the development of an entrepreneurial culture, or whether these two dimensions need to be driven simultaneously. Indeed one could also question whether an entrepreneurial culture is more likely to result in a market orientation. Hurley and Hult (1998) proposed that in modern organisations, market orientation should be viewed holistically by simultaneously considering it as both market-oriented activities and culture. This view seems to also have some support in the literature where it is noted that there needs to be simultaneous driving forces to establish a set of activities and behaviours and to change an organisation's culture to become market-oriented. Therefore, in this study the two constructs, market orientation and entrepreneurial culture will both be included as impacting organisational performance.

Entrepreneurial culture has been identified in previous research as a mediator between an organisation's market orientation and its performance (Barrett & Weinstein 1998; Jaworski & Kohli 1993) and can be described as the way in which market orientation is translated into organisational performance through the development of new products and services, organisational structure and internal processes. Market orientation and entrepreneurship have been described as organisational capabilities that contribute to a positional advantage which subsequently results in improved performance (Hult & Ketchen 2001). This view has been supported in organisational performance research and it is further noted that if both high market orientation and high entrepreneurial culture are aligned, the result is an even greater positive affect on performance (Autahene-Gima & Ko 2001). Therefore, the interaction between market orientation and entrepreneurial culture plays an important role in innovation and that these types of firms put a greater emphasis on innovation in their human resource practices.

Researchers have assessed the contribution that an entrepreneurial culture has made to organisational performance and argue that entrepreneurship is a 'key driver of organisational transformation and strategic renewal' through the creation and combining of organisational resources, and that entrepreneurial activities can offer a foundation for building new competencies for revitalizing existing ones (Dees 1998; Zahra 1999 p. 169).

The suggestion that an entrepreneurial culture provides a proactive approach to market orientation processes is therefore also supported in this study as an entrepreneurial culture could provide innovativeness that could lead organisations to use market intelligence in different ways, and use the information gathered to mitigate risk.

Entrepreneurship has been described as ‘the key element for gaining competitive advantage and consequently greater financial rewards’ (Schollhamer 1982, p. 210), and empirical studies have shown an entrepreneurial culture together with market orientation improve organisational performance specifically in the non-profit sector (Barrett, Balloun & Weinstein 2005; Bhuian, Menguc & Bell 2005). The entrepreneurial culture construct for this study will therefore be defined in terms of four dimensions: dual oriented culture, innovativeness, pro-activeness and management’s internal influence so that the organisation can quickly adapt internal competencies and external relationships to adjust to the rapidly changing environment (Covin & Slevin 1991; Miles & Arnold 1991). This construct will assess how entrepreneurial culture affects the market orientation and organisational performance in the South African non-profit context.

To summarize, a literature review was conducted on the relationship between market orientation and organisational performance in the non-profit sector. Based on that review the characteristics of the CEO and their ability to adopt the traits of a social entrepreneur were shown to be increasingly important for non-profit organisations. In particular the importance of level of education, level of business skill, degree of social skills and degree of entrepreneurial traits in non-profit CEOs were noted and these will be included in the theoretical model of antecedents and consequences of market orientation for this study.

The literature also emphasised the importance of the role of an entrepreneurial culture in any model of market orientation in the non-profit context and as such, this construct will be included in the revised theoretical model in this study. Entrepreneurial culture will have four dimensions and these are: the existence or otherwise of a dual-oriented culture, the degree of innovativeness exhibited by the organisation, the level of pro-activeness shown by the organisation when it comes to fundraising and relationship development and the strength of internal influence of the senior management team.

The literature has also suggested that a strong entrepreneurial culture will in turn lead to a higher level of adoption of market orientation, and that this will result in a strong positive affect on organisational performance.

The non-profit literature has confirmed that there is a distinct shift in the thinking of how non-profit organisations should and can operate and the type of business principles that are embraced. It has been found that there are distinct advantages that a social enterprise business model provides to a non-profit organisation that cannot be achieved with a traditional non-profit organisation business model, in particular in the area of sustained organisational performance. It is therefore important to consider how this information might impact any re-design of Jaworski and Kohli's antecedent and consequences model of market orientation (1993) and thus the type of business model will be examined next.

### **2.4.3 Organisational systems: type of business model**

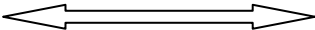
The organisational systems antecedent in the model of antecedents and consequences of market orientation (Jaworski & Kohli 1993) originally included dimensions of formalization, centralization, departmentalization and reward systems. The non-profit literature revealed that there were two types of organisations in the non-profit sector that conduct non-profit marketing activities, namely the traditional non-profit organisation and the social enterprise organisation. Whilst these two types of non-profit organisations have some elements in common (such as both attempting to achieve their social mission), they do differ in a number of critical areas. Traditional non-profit organisations tend to rely solely on fundraising to achieve a social impact, whilst social enterprise organisations tend to adopt more business-like principles to achieve the same outcome.

The literature also suggested that the social enterprise business model was becoming more important and more relevant for modern non-profit organisations as these types of organisations are more likely to perform market-oriented practices to raise funds and generate income. Ultimately, this results in the organisation being able to achieve both a social and an economic impact, which in turn increases the likelihood of them becoming self sufficient (Alter 2006; Dees 1998).



The Social Enterprise Continuum developed by Dees (1998) is a useful way of considering the type of business model adopted by a non-profit organisation. The continuum is depicted in Figure 2.3. The Social Enterprise Spectrum ranges from traditional or purely philanthropic organisation at one end, to a commercial organisation at the other. A non-profit organisation is commercial to the extent that it operates like a business in how it acquires resources. The more commercial an organisation, the less it relies on philanthropic grants and donations.

**Figure 2.3: The Social Enterprise Spectrum**

		Traditional non-profit (Purely philanthropic)		Social Enterprise (Purely commercial)
Motives, Methods, and Goals		Appeal to goodwill self-interest Mission driven driven Social Value value	Mixed Motives  Mission and market driven  Social and economic value	Appeal to Market Economic
Key Stakeholders	Beneficiaries	Pay nothing prices	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate
	Capital	Donations and Grants rate capital	Below-market capital, or mix of donations and market-rate capital	Market-
	Workforces	Volunteers compensation	Below-market wages, or mix of Volunteers and fully paid staff	Market-rate
	Suppliers	Make in-kind donations rate prices	Special discounts, or mix of in-kind and full-price donations	Market-

Source: Dees (1998) ‘Enterprising Nonprofits’ Harvard Business Review, Jan-Feb 1998, pg 60

Social enterprise organisations generally exhibit a number of characteristics that result in those organisations being more likely to adopt a market orientation than those non-profit organisations that adopt a traditional business model.

Table 2.6 provides a summary of these characteristics. Therefore, any model of antecedents of market orientation to be applied in a non-profit context would need to include the type of business model adopted by the organisation as a factor.

**Table 2.6: A summary of unique characteristics identified in social enterprises**

<b>Social Enterprises (non-profit &amp; profit-based) characteristics</b>
<ul style="list-style-type: none"> <li>▪ Combination of philanthropic and commercial</li> </ul>
<ul style="list-style-type: none"> <li>▪ A business venture created for a social purpose with financial returns. Meet financial goals in way that contributes to the public good</li> </ul>
<ul style="list-style-type: none"> <li>▪ Driven by a social entrepreneur</li> </ul>
<ul style="list-style-type: none"> <li>▪ Stakeholders expect social enterprise to measure financial performance and social impact, must show both economic and social value</li> </ul>
<ul style="list-style-type: none"> <li>▪ Capital raised from social investors, sale of goods and services, donations and grants</li> </ul>
<ul style="list-style-type: none"> <li>▪ Have financial objectives that must be measured Generate income from commercial activities to fund social programmes. Use entrepreneurship, innovation, business tools and market approaches to achieve social objectives. Have a collection of alternative resources. Enjoy financial freedom from unrestricted income</li> </ul>
<ul style="list-style-type: none"> <li>▪ Customers pay for the products and services, may be subsidized rates with mix of full payers and those who pay nothing, have to be customer-focused and market themselves to their target audiences. Have adopted a strategic marketing approach</li> </ul>
<ul style="list-style-type: none"> <li>▪ Competitive environment, market driven and mission led</li> </ul>
<ul style="list-style-type: none"> <li>▪ Strategically orientated marketing function, disciplined and determined, similar to profit based businesses</li> </ul>
<ul style="list-style-type: none"> <li>▪ Can be structured as a department within an organisation or as a separate</li> </ul>
<ul style="list-style-type: none"> <li>▪ legal entity, either a subsidiary non-profit or for-profit</li> </ul>
<ul style="list-style-type: none"> <li>▪ Workforce mostly made up of fully paid staff and may have some volunteers</li> </ul>

Source: Adapted from: Alter, K (2004), Gallagher, K & Weinberg, G (1991), Dees (1998); Emerson (2003)

To summarize, based on Jaworski and Kohli's (1993) model of antecedents and consequences of market orientation, the relevance of the dimensions of the organisational systems construct (formalization, centralization, departmentalization and reward systems) are still valid, however, the type of business model adopted by the organisation seems to be a more important determinant of adoption of market orientation for businesses in the non-profit sector. Indeed by knowing where a non-profit organisation is placed on the Dees's (1998) spectrum, one would also be able to make deductions about the level of formalisation within the organisation, the degree of centralisation and the type of departmentalisation and reward systems used. Thus it is suggested that for this study the original construct of organisational systems, would be subsumed to take into account the organisation's overall business model and that this information would be a more valid antecedent for the adoption of market orientation in the non-profit context.

Therefore, it is proposed that the organisational systems construct will be renamed type of business model, and the dimensions within this construct will be changed to social enterprise and traditional non-profit organisation.

#### **2.4.4 Business environment**

The final construct in the model of antecedents and consequences of market orientation by Jaworski and Kohli (1993) that needs consideration is the environment construct shown as a moderator for the consequence of business performance. In this study the environment construct is not considered to be relevant as the South African business context is taken into consideration in all the above mentioned constructs rather than as a separate variable. Section 2.6 provides an in-depth discussion on how the South African context would apply to each of the antecedents of market orientation in this study. The section considers the country's unique business environment, the influence of the cultural differences and previous studies on market orientation and organisational performance in the South African context to determine which elements are to be incorporated into the theoretical model for this study. It is anticipated that by incorporating the impact of the environmental context into the dimensions themselves there will be greater relevance of this model for application in this environmental context. The next section is a discussion of the proposed preliminary theoretical model for this study.

#### **2.4.5 Market orientation**

As discussed in sections 2.2.2, 2.2.3 and 2.2.4, the two approaches to market orientation based on Jaworski and Kohli's (1990) original model which highlights three marketing activities: intelligence generation, intelligence dissemination and responsiveness, and Narver and Slater's (1990) three marketing behaviours: customer orientation, competitor orientation and interfunctional co-ordination have been combined in previous studies to provide a more comprehensive and holistic view of the market orientation construct, and so will be combined in this study for the same reason. (Sorjonen 2011; Cadogan & Diamantopoulos 1995; Kumar, Subramanian & Yauger, 1998).

#### **2.4.6 Organisational performance**

As discussed in section 2.3.2 organisational performance in the non-profit context is subjective and requires non-financial measurement criteria. Three variables will be considered for this construct, namely: social impact; peer reputation and resources.

These variables have been considered in previous studies and are deemed reliable (Padanyi & Gainer 2004; Herman 1990; Herman & Heimovics 1994).

## 2.5 Preliminary theoretical model

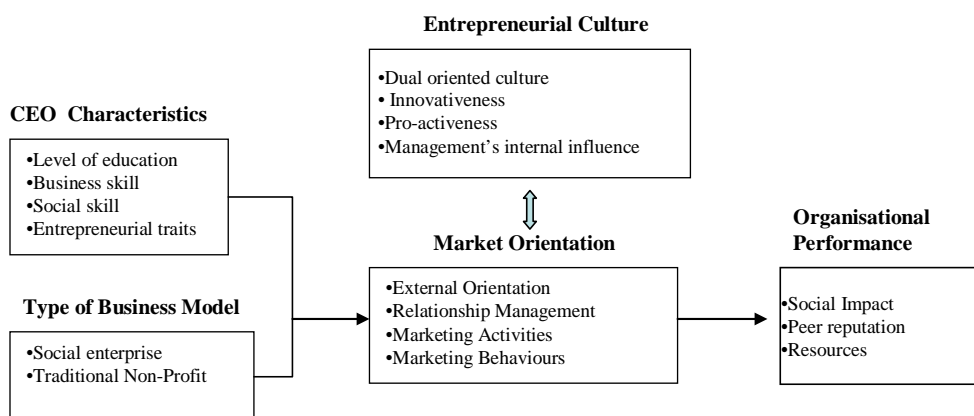
The proposed preliminary theoretical model for this study is based on Jaworski and Kohli's (1993) antecedents and consequences of market orientation model (see Figure 2.1). Jaworski and Kohli's (1993) model originally had top management, inter-departmental dynamics and organisations systems as antecedents and employees and business performance as consequences, with environmental factors as moderator to business performance. In order to address the idiosyncrasies of the non-profit context as described above, this model requires some modifications to make it more relevant to this sector. The model will therefore be modified as follows:

- a) The top management construct will remain an antecedent of market orientation, however will be renamed CEO characteristics, and the dimensions within this construct will be changed to reflect the discourse in the literature. Thus the CEO characteristics construct will be comprised of level of education; business skill; social skill; and entrepreneurial traits.
- b) The interdepartmental dynamics and employees construct will remain an antecedent of market orientation however they will be combined into one construct that depicts the organisation's internal environment. The construct will be re-named as entrepreneurial culture. Within the entrepreneurial culture construct, four dimensions will be included, namely: dual-oriented culture; innovativeness; pro-activeness; and management's internal influence
- c) The organisational systems construct will remain an antecedent of market orientation, however, this construct will be renamed type of business model. The new construct will have two dimensions and these will be traditional non-profit and social enterprise.
- d) The environment construct will be removed as the South African context will be incorporated into all of the constructs.
- e) The market orientation construct will be expanded to include both the behaviour dimensions from Narver and Slater's (1990) model, which are customer orientation, competitor orientation and interfunctional co-ordination as well as the activities dimensions from Jaworski and Kohli's original (1993) model, which are intelligence generation, intelligence dissemination and responsiveness.

- f) The reason that both dimensions are included in this model is to ensure that this construct is all inclusive and will provide a more holistic view, with both a set of marketing activities that are performed (Kohli & Jaworski 1990) and a set of marketing behaviours that are exhibited. The variables within the model that will be measured are: external orientation, relationship management, marketing activities, which based on Jaworksi and Kohli's (1993) model and marketing behaviours which are based on Narver and Slater's (1990) model.
- g) Organisational performance is the consequences of a market orientation and remains such in this model. The variables within the model that will be measured are: social impact; peer reputation and resources.

The theoretical model with these modifications is shown in Figure 2.4 and shows conceptually that in non-profit settings that the characteristics of the CEO and the type of business model adopted by the organisation are antecedents of market orientation and that organisational performance is the outcome of market orientation. Further, the model also shows that there is a relationship between entrepreneurial culture and market orientation such that where there is one there is likely to be the other and this will enhance the positive effect of market orientation on organisational performance.

**Figure: 2.4 Preliminary theoretical model: The relationship between market orientation and organisational performance in non-profit organisations**



Source: developed for this research

To summarize, the sections above provided the reader with an overview of existing literature review on a market orientation, entrepreneurial culture and organisational performance in the non-profit context. The review highlighted business challenges that were found to inhibit non-profit organisation's ability to survive over the long term which were categorized into four factors, namely strategic focus, management issues, market orientation and relationship management. Based on these findings, a further literature review was conducted to uncover how non-profit organisations are addressing these issues.

It was revealed that the individual characteristics of the organisation's CEO along with the business model they adopt would be influential in predicting the degree to which that organisation embraced a market orientation and evidenced an entrepreneurial culture. Finally the more market orientation and entrepreneurial culture that was evidenced the greater the impact on improved organisational performance in this non-profit context.

The next section of this chapter will review the existing literature of market orientation studies in the Sub-Saharan African context in the hope of better understanding the cultural differences that prevail in this region, and also investigate whether similar studies have been conducted specifically in South African non-profit organisations.

## **2.6 The South African context**

To date there has been little empirical research that has investigated the relationship between market orientation and organisational performance in the Sub-Saharan African context. Most studies have focused on organisations in the United States, Asia or Europe. This is hardly surprising as the concept of market orientation emerged in these developed western societies and it is only in recent years (since the transformation of Apartheid in 1994) that South African businesses have begun to emerge into the global marketplace.

Whilst Jaworski and Kohli's (1993) model has been tested in a range of international contexts, none has considered the applicability of the model in a South African context. It is anticipated that there could be the introduction of new constructs not previously considered to be important and modification of existing constructs. For example, business managers in western countries have, as a general rule, cultures that are tolerant of others, that are stable and co-operative and they are more risk tolerant and more confident in working in a decentralized organisational system than one would expect to find in the South African context (Hofstede 2001).

In contrast, the South African culture has a high uncertainty avoidance culture which results in risk adverse behaviours and a dependency on rules and formal structures. There is a high level of individualism where the populace is expected to be self-reliant and look out for themselves and close family members.

The culture is high on masculinity which manifests in assertive and competitive behaviour being prominent for both men and women (Hofstede 2001). It is expected that these differences will not only impact the likelihood of adoption of a market orientation for South African businesses, but also change the model of antecedents and consequences of market orientation. In particular it is expected that not only will the dimensions of Jaworski and Kohli's (1993) constructs differ but also potentially the relationships between them. This premise will be further explored next.

### **2.6.1 Unique business environment**

The South African business environment is unique in that it operates in a 'transitional' economy due to the legal political framework. This framework has previously marginalized the black majority and prevented their participation in the economy until after the collapse of Apartheid in 1994 (Spring 2009; Farley, Hoenig & Ismail 2008). The high unemployment rate and ongoing transformation from its Apartheid past has resulted in many South African firms being acutely focused on a social element. As a result, South Africa can be categorized as a 'dual economy' with two distinct sectors. A highly developed sector similar to any developed economy, and an under-developed or developing sector that is similar to those of emerging economies (Farley, Hoenig & Ismail 2008; Spring 2009). South Africa as a country has sophisticated marketing and



business practices in the developed business sectors, however these co-exist with many underdeveloped, emerging market segments that are largely ignorant of these practices and naïve in their operations (Chipp, Hoenig & Nel 2006).

This unique legal, political and economic environment has resulted in South African businesses adopting a culture of business operation that has emerged with little input from western best practice or ‘traditional’ business and marketing management techniques. It is highly likely then that any examination of South African firms’ organisational performance will identify factors and relationships that differ from the theoretical western models. It is anticipated that these differences will be even further highlighted in the non-profit sector of this country due to the lack of formal education and training for the management and employees in this sector.

The Sub-Saharan non-profit organisation business context differs from a European or Western context as the African continent has very high poverty (over 50% of the South African population) and unemployment (25.2% in South Africa) and therefore many in the population depend on social welfare (Farley, Hoenig & Ismail 2008). There is a proliferation of micro and small non-profit organisations that struggle to meet the increasing demands of the population for support for medicine, food, shelter and other welfare services. The European or western non-profit sector differs in that it tends to be characterized by large multi-national organisations providing welfare and support, as opposed to these small volunteer based organisations in South Africa that are constantly faced with the need to provide critical care and support. In addition to environmental factors, there are cultural differences found in South Africa that are unique to the country and need to be taken into consideration. Cultural differences will be discussed next.

### **2.6.2 Cultural differences**

It has been established that organisational culture impacts market orientation, however there are differences when it comes to culture in different parts of the world that also impact the culture of the businesses in those countries. This study will take place in a South African context, which has a different set of traditions and cultures from western or European cultures.

Individuals from collectivistic cultures like China and Hong Kong tend to embrace the organisational stakeholders' needs as they subordinate their own needs to those of others, e.g. customers, suppliers, co-workers. On the other hand individuals from individualistic cultures like the United States, United Kingdom and Europe tend to be more self-oriented and self-actualization is their ultimate goal. This means that the employer-employee relationship is based on mutual gain and tasks prevail over relationships (Hofstede 2001).

South African culture differs slightly from both the individualistic and collectivistic cultures, in that it is ethnically and culturally diverse and there is no 'one' culture. The South African black majority still has numerous rural inhabitants who live in poverty and it is among these people that strong cultural traditions prevail.

Many black people have become increasingly urbanized and westernized, so the traditional aspects of their culture have declined. It is important to mention this difference as the traditional culture component in South African black individuals is likely to impact the implementation and adoption of market orientation as well as the determinants of organisational performance in any model of market orientation. This will be discussed in more detail next.

### **2.6.3 Market orientation and organisational performance in the South African context**

Research examining the relationship between organisational culture as it relates to market orientation and organisational performance in the South African context, confirms that whilst there is a still link between market orientation and organisational performance the way these factors relate to each other will differ from those models developed based on western business contexts. Specifically, innovation and organisational culture appear to be important mediators in the relationship (Farley, Hoenig & Ismail 2008; Deshpande' & Farley 2004).

In the South African context these factors have been found to have little or no impact on the relationship between market orientation and organisational performance in the firms studied (Farley, Hoenig & Ismail 2008; Deshpande' & Farley 2004).

Although these results were derived from profit based South African firms operating in a business to business environment, they provide empirical evidence that differences do exist in organisational performance in the South African context. In particular these results suggest that close attention should be paid to the roles of organisational culture and innovation (entrepreneurial culture) in the relationship between market orientation and organisational performance.

In a study that researched the relationship between market orientation and organisational performance, the South African business to business firms that participated were found to have an entrepreneurial culture (Farley, Hoenig & Ismail 2008; Deshpande' & Farley 2004). The authors suggested that innovativeness and market orientation are generated in South African firms by various, non-related factors and that an entrepreneurial culture was prevalent which was not affected by possible negative effects of bureaucracy.

As mentioned previously, traditional non-profit organisations tend to be more conservative and tend to have a more bureaucratic culture, so it could be assumed that if the non-profit organisation leaned towards having an entrepreneurial culture it would promote innovation, risk taking and empowerment.

Other studies have supported the relationship between entrepreneurial behaviour and organisational performance in the African context in profit-based firms, and it has been found that innovativeness, pro-activeness, management's internal influence and level of education contribute to financial performance of an organisation (Farley, Hoenig & Ismail 2008; Spring 2009; Goosen, de Coning & Smit 2002). These findings are in line with other studies that either directly supported the fact that a relationship exists between organisational performance and entrepreneurship or agrees that such a relationship could exist (Covin & Slevin, 1989, 1990; Davis 1997; Zahra 1986, 1995; Morris & Sexton 1996; Zahra & Covin 1995).

In previous studies a correlation was found between entrepreneurial posture that includes the elements: innovation, pro-activeness and constructive risk taking and financial performance (Zahra 1986; Covin & Slevin 1989). However, in the South African context, management's internal influence on structures, processes and relations were found to dominate over innovativeness and pro-activeness when used simultaneously (Goosen, de Coning & Smit 2002). More specifically, management's influence on the following dimensions was most prevalent: goals; creativity systems; rewards; intracapital and communication systems; staff input; intrapreneurial freedom; problem solving culture; intrapreneurial championing and empowerment were identified. This suggests that within African organisations that demonstrate higher levels of entrepreneurial culture, in particular in the area of management influence, the employees display a higher level of entrepreneurial behaviour resulting in these organisations being more entrepreneurial. This also suggests that the relationship between entrepreneurial culture and financial performance strengthens over time (Morris & Sexton 1996; Zahra 1995; Zahra & Covin 1995). Further, it has been suggested that entrepreneurs with secondary or university education are better equipped to develop the management skills that are required to grow a business and that these skills can improve the organisation's financial performance (Ramachandran & Shah 1999).

The fact that educated management can have a positive effect on an organisation's performance is known, however, in the South African non-profit context, especially in micro businesses, the level of education may be so low that computer literacy at its most basic level could be a challenge, and this can be a compounding problem to the survival of these small organisations, as they struggle to meet daily social demands. A recent study that investigated the profit-based entrepreneurial landscape in Africa found that entrepreneurs in informal sectors of the market do not regularly improve their social condition and move into the formal sector due to a lack of education, capital, business networks, etc (Spring 2009).

Similarly, within the formal sector of small to large businesses, limited access to capital, networks, market niches, and product innovation hinders entrepreneurs' ability to move upward into more affluent levels (Spring 2009).

It would therefore appear important that within the CEO Characteristic construct the level of education be taken into consideration in any study of the non-profit CEO and the impact that this variable has on organisational performance in South African non-profit organisations.

The assessment of the impact of market orientation on organisational performance has been found to be positive in retail firms in low-income, subsistence segments in rural areas in the Sub-Saharan context (Burgess & Nyajeka 2007). Of the five theorized market-orientation antecedents identified by Jaworski and Kohli (1993), only one antecedent, reward systems was found to have a positive direct effect on market orientation and a positive indirect effect on performance through market orientation (Burgess & Nyajeka 2007). This suggests that market orientation-performance relationship is prevalent, however some antecedents of market orientation identified in previous research may not apply in low-income countries such as in South Africa. This could be attested to the fact that market orientation is still in its infancy in this region and so the more sophisticated antecedents were not apparent. The market orientation-performance relationship has been found to be strongly positive although somewhat weaker in emerging markets and in particular in service industries (Burgess & Nyajeka 2007; Kirca et al. 2005).

It is therefore anticipated that a similar relationship would be evident in non-profit service-oriented organisations. It has also been suggested that the effects of market orientation on performance should be highest in low-income country markets, as the adoption of market orientation is in its early stages in those countries and so will be assessed during this study to assess whether this is the case (Deshpande & Farley 2004; Yilmaz, Alpan & Ergun 2005).

The antecedents identified by Jaworski and Kohli (1993) will be reviewed and modified to assess whether different results are found in the non-profit sector in relation to what has been found in previous studies in the profit-based sector as described above. No studies were found that investigated the relationship between market orientation and entrepreneurial culture on organisational performance in the non-profit sector in the South African context, therefore this study will aim to make this contribution to the body of knowledge in this area.

The expectation is that there will be differences in how each of these antecedents impacts the level of market orientation as the composition of the South African non-profit organisation and community based organisation differs significantly from similar types of organisations in other regions. Formalization of the organisations are expected to differ significantly by the organisation's size and financial support infrastructure, and similarly the level of market orientation will vary with each iteration of organisation. It is also expected that certain behaviours found in a formal organisation like professionalism may not be prevalent in smaller community based organisations, and any suggestions of implementing a business-like approach may be confusing and even insulting to some rural folk. From a market orientation level standpoint, the expectation is that small and medium traditional non-profit organisations will have almost no market orientation, while national and international non-profit organisations would be more market focused, but not to the level that is comparable to similar organisations in the United States or Europe.

To summarize, the adoption of a market orientation for non-profit organisations has become important as traditional sources of funding from government and other philanthropic foundations have become more competitive.

The applicability of market orientation to non-profit organisations is still being questioned, the impact of market orientation on performance for non-profit organisations has been under researched and one reason given by researchers is that it is difficult to measure non-profit organisational performance (Shoham, Ruvio, Vigoda-Gadot & Schwabsky 2006; Sargeant 1999).

Critical cultural differences exist among profit-based businesses and non-profit organisations due to the non-profit organisation's focus on a social impact and not an economic impact, their reliance on volunteers and their need to address multiple constituencies, specifically the potential donor market for resource acquisition and their beneficiary market and respond to 'market forces' like environmental factors and competition in order to compete for funds. The social entrepreneur has brought the elements of innovation and change into the non-profit sector and is transforming the traditional non-profit organisation into a market-driven social enterprise organisation. Just how social entrepreneurship has impacted the South African non-profit sector is unknown and forms part of the focus of this research.

Based on the literature reviewed the level of education of African entrepreneurs has a direct impact on their organisation's performance, and organisational culture appears to have little significance on organisational performance (Farley, Hoenig & Ismail 2008; Deshpande & Farley 2004; Spring 2009). These findings were described as unique to the Sub-Saharan context that had not been found in other research, and therefore CEO level of education and entrepreneurial culture will be included and assessed in this study to see whether similar or different findings will be found in the non-profit sector. Some interesting questions would be the generalisability of theories about market orientation, entrepreneurial culture and organisational performance.

The organisational antecedents of market orientation are not well researched in non-profit organisations. Market orientation has been found to positively effect performance strongly, however somewhat weaker in emerging markets and service industries (Kirca et al. 2005).

In addition, in a meta-analysis Cano et al. (2004) found that the effects of market orientation on performance are not moderated by national culture, GDP per capita, or human development and are stronger in service firms than in manufacturing firms. Lastly it is has been stated that the effects of market orientation on performance should be highest in low income countries with dual economies, because the adoption of market orientation is in its early stages in those countries (Deshpande & Farley 2004). The next section describes the final theoretical model and concepts for this study.

## **2.7 Theoretical model for this study**

As per the literature and discussions above, the original model of antecedents and consequences of market orientation will be modified in this study to more accurately account for the nuances of the non-profit organisation business context and the unique characteristics of a South African cultural context (see Figure 2.4, the preliminary theoretical model in section 2.5). Based on a review of the literature a further enhancement is suggested for the preliminary theoretical model introduced in Figure 2.4. This is in relation to the positioning of entrepreneurial culture construct. Investigation of the cultural literature and examination of the South African business environment suggests that entrepreneurial culture would act as a moderator to market orientation. It would appear that non-profit organisations that have an entrepreneurial culture are more likely to have a greater adoption of market orientation and further enhanced organisational performance, however it is possible for non-profit organisations to adopt a market orientation without having an entrepreneurial culture.

A number of propositions are presented in relation to proposed changes to the model of antecedents and consequences of market orientation and organisational performance in non-profit organisations in South Africa as follows:

**Research Proposition 1:** The individual characteristics of the CEO are an antecedent of market orientation in the non-profit South African business context.

**Research Proposition 2:** The type of business model adopted by the organisation is an antecedent of market orientation in the non-profit South African business context.

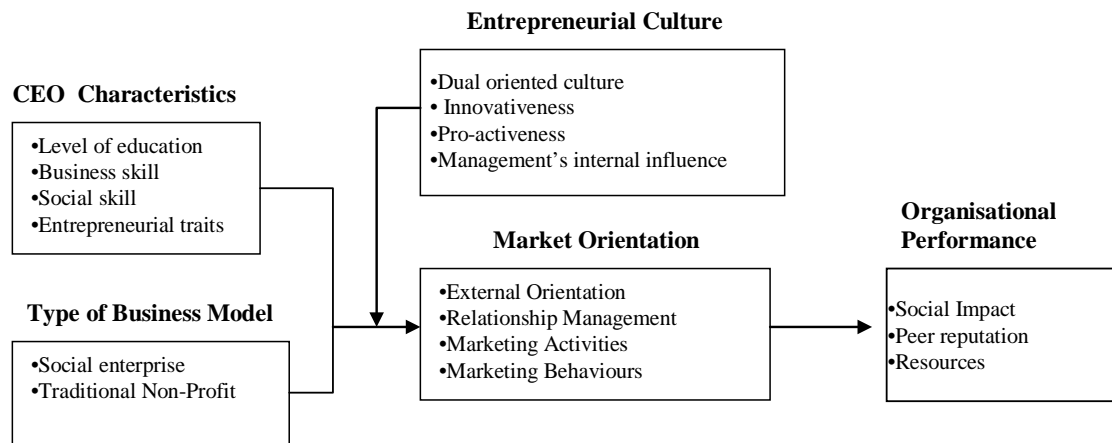
**Research Proposition 3:** Entrepreneurial culture moderates the relationship between the Antecedent constructs of CEO Characteristics and type of business model and market orientation in the non-profit South African business context.

**Research Proposition 4:** Organisational performance is a consequence of market orientation in the non-profit South African business context.

These propositions are shown diagrammatically in Figure 2.5.



**Figure: 2.5 Theoretical model of antecedents and consequences of market orientation for the non-profit South African business sector**



Source: developed for this research

## **2.8 Conclusion**

This chapter has provided a context for understanding the relationship between market orientation and an entrepreneurial culture on organisational performance by reviewing the existing literature. The chapter was organized into eight sections: introduction, market orientation, the non-profit context, a summary of the implications of non-profit context for the model of antecedents and consequences of market orientation, the South African context, the theoretical model for this study and conclusion. The literature review covered various areas relating to market orientation, organisational performance, the entrepreneurial CEO, social enterprises and entrepreneurial culture in non-profit organisations. The next chapter will cover the research methodology for this study.

## **3 Chapter Three - Research Methodology**

### **3.1 Introduction**

The purpose of this chapter is to discuss the justification for adopting a case study research methodology and the procedure for collecting and analysing data used to test the preliminary theoretical model of antecedents and consequences of market orientation for non-profit organisations in the South African context.

This chapter is organized into nine sections. The justification for the research paradigm is discussed first, followed by a discussion of the research design. The outline and justification of the research methods employed in the study is discussed next, including the data collection methods and sample design. Next is a presentation of the operational definitions, and a discussion of the validity and reliability of the research. Finally the limitations of the research are presented and the ethical considerations are discussed. The chapter's conclusion provides a summary of the information presented.

### **3.2 Justification for the research paradigm**

A paradigm is a set of beliefs or assumptions that guide how researchers view the world and go about conducting research (Cresswell & Clark 2007; Guba & Lincoln 2005). Paradigms take different stances on the nature of reality (ontology), how one gains knowledge of what is known (epistemology), the role values play in research (axiology), the process of research methodology, and the language of the research (rhetoric) (Cresswell 2003; Lincoln & Guba 2000). Four paradigms will be discussed briefly below.

The first paradigm, positivism is usually associated with quantitative methods. The research conducted is based on: a) determinism or cause-and-effect thinking; b) reductionism, by narrowing and focusing on select variables to interrelate; c) detailed observations and measures of variables; and d) the testing of theories that are continually refined (Slife & Williams 1995).

The second paradigm, constructivism, is usually associated with qualitative methods. This type of research is conducted in order to understand the meaning of a phenomenon formed through participants and their subjective views based on meanings from social interaction with others and from personal histories. Research is shaped from the 'bottom up' from individual perspectives to broad patterns and then to theory (Creswell 2003).

The third paradigm is a critical theory paradigm where the ontology is described as a single reality shaped by social values such as culture. In this paradigm social and other forces reshape reality, and the research should unleash the participants' perceptions (Guba & Lincoln 2005). The fourth paradigm is realism and this deals with reality that is imperfectly grasped, due to human mental limitations and the complexity of the world, to help triangulate reality as closely as possible. In this instance, the observer has some level of participation and some objectivity (Guba & Lincoln 2005).

The realism paradigm is usually well suited to case studies and convergent interview methodologies as it explores the reality of the situation or environment. The nature of this type of research is exploratory and theory building, so it is for this reason that this research paradigm was selected for this study. The strength of this paradigm is that it has the ability to look at the change process and understand the meaning through the participants. This type of research paradigm allows for adjusting to new ideas and issues as they emerge, which further contributes to developing theories. This form of data gathering is more natural as opposed to artificial.

The main limitations to this research paradigm are that data collection can take up a great deal of resources, so the analysis and interpretation of the data can be more difficult (Guba & Lincoln 2005). It is also more difficult to control qualitative studies in general as the process may be slow and time consuming (Guba & Lincoln 2005). It is therefore important to focus on the meaning of the situation to understand what is happening and look at the totality of the situation and then develop ideas through induction from the data (Guba & Lincoln 2005).

This study is an exploratory, naturalistic, interpretive approach that seeks to understand phenomena in context-specific settings, such as a real world setting where the research does not attempt to manipulate the phenomenon of interest (Patton 2002). Realism is most appropriate at this stage as there is little research in the area of market orientation of non-profit organisations in South Africa, therefore a thorough understanding of this area is needed. This research will seek to understand how the antecedents and consequences of market orientation are impacted by the business and cultural contexts of this study. The issues of credibility, transferability and trustworthiness will be addressed when testing the reliability and validity of this research (Golafshani 2003).

The purpose of this research will be to explore whether and how Jaworski and Kohli's (1993) model of antecedents and consequences of market orientation is impacted by business and cultural contexts, namely South African non-profit organisations. The research will be conducted to provide an analysis of the situation by clarifying and defining the nature of the research problem (Zikmund 2003; Cooper & Schindler 2001). The methodology, or process of research for this study, includes a collection of a variety of evidence, namely documents, observations and in-depth interviews in order to define a 'how' or 'why' question based on a contemporary set of events (Yin 2003).

In summary, this section has provided the justification for the adoption of a realism paradigm, exploratory case study research method. The next section will cover the justification for the research design.

### **3.3 Research Design**

This section discusses the exploratory case study research design that has been selected for this study. A research design is described as an overall or master plan that specifies the methods and procedures for the collection and analysis of information for a research project (Zikmund 2003; Cooper & Schindler 2001). It is a framework that sets out the plan of action for the research project and the objectives are decided in the early stages of the research to ensure that the information collected is valid and relevant to the research problem (Zikmund 2003; Cooper & Schindler 2001).

It is during the research design process that the sources of information and the research method are specified, including sampling methodology, schedule and costs (Zikmund 2003). An exploratory, qualitative design was chosen for this study as exploration was needed in order to conduct research to clarify and define the nature of the research problem and to confirm the variables and the preliminary theoretical model (Zikmund 2003; Creswell & Clarke 2007). The next section will discuss the justification for the reason an exploratory research design was chosen for this study.

### 3.3.1 Justification of an exploratory research design

Both qualitative and quantitative approaches address the same elements in the process of research. There are, however differences in how researchers implement the research. The two approaches differ in what the researcher hopes to accomplish during the study. Table 3.1 describes the elements of qualitative and quantitative research, where qualitative research intends to learn about a participant's view on an issue and quantitative research is conducted to either support or refute an existing theory (Cresswell & Clarke 2007; Cooper & Schindler 2001).

**Table 3.1 Elements of Qualitative and Quantitative Research**

Qualitative Research	Process of Research	Quantitative Research
<ul style="list-style-type: none"> <li>Understand meaning individuals give to a phenomenon inductively</li> </ul>	Intent of the research	<ul style="list-style-type: none"> <li>Test a theory deductively to support or refute it</li> </ul>
<ul style="list-style-type: none"> <li>Minor role</li> <li>Justifies problem</li> </ul>	How literature is used	<ul style="list-style-type: none"> <li>Major role</li> <li>Justifies problem</li> <li>Identifies questions and hypotheses</li> </ul>
<ul style="list-style-type: none"> <li>Ask open-ended questions</li> <li>Understand the complexity of a single idea (or phenomenon)</li> </ul>	How intent is focused	<ul style="list-style-type: none"> <li>Ask closed-ended questions</li> <li>Test specific variables that form hypotheses or questions</li> </ul>
<ul style="list-style-type: none"> <li>Words and images</li> <li>From a few participants at a few research sites</li> <li>Studying participants at their location</li> </ul>	How data are collected	<ul style="list-style-type: none"> <li>Numbers</li> <li>From many participants at many research sites</li> <li>Sending or administering instruments to participants</li> </ul>
<ul style="list-style-type: none"> <li>Text or image analysis</li> <li>Themes</li> <li>Larger patterns or generalizations</li> </ul>	How data are analysed	<ul style="list-style-type: none"> <li>Numerical statistical analysis</li> <li>Rejecting hypotheses or determining effect sizes</li> </ul>
<ul style="list-style-type: none"> <li>Identifies personal stance</li> <li>Reports bias</li> </ul>	Role of the researcher	<ul style="list-style-type: none"> <li>Remains in background</li> <li>Takes steps to remove bias</li> </ul>
<ul style="list-style-type: none"> <li>Using validity procedures that rely on the participants, the researcher, or the reader</li> </ul>	How data are validated	<ul style="list-style-type: none"> <li>Using validity procedures based on external standards, such as judges, past research, statistics</li> </ul>

Source: Creswell & Clarke (2007) 'Designing and conducting mixed methods research'

For both approaches, establishing validity and reliability is required. In qualitative research the accuracy of the final report is important. In quantitative research the accumulated evidence that supports the test scores for a proposed purpose is what is required. This is based on test content, theoretical and empirical analysis of the response processes of the participants, an analysis of the test instrument, the relation of test scores to variables external to the test, and the intended and unintended consequences of test use (Creswell & Clarke 2007; Cooper & Schindler 2001). The adoption of an exploratory, qualitative research design was chosen for this study for two main reasons. Firstly, as described previously, the nature of the research question usually determines the type of research strategy and design, such as ‘what’, ‘how’, ‘why’, or ‘who’ (Zikmund 2003). In this research, the research question ***‘How is the model of antecedents and consequences of market orientation impacted by business and cultural context in the case of South African non-profit organisations?’*** justifies the adoption of an exploratory, qualitative research design as the research question seeks to understand the factors that impact market orientation and organisational performance in this sector. By using this approach the data collection methodology will allow for the ability to converge information during the data gathering process.

Secondly, an exploratory qualitative research design is appropriate in this study as there are no clear, single set of outcomes (Yin 2003). The findings from this research will make a contribution to building further theory in this area as the theoretical model that is being developed can be generalized for further research. Exploratory research is beneficial here given the lack of previous South African context specific studies in this area. This stage is intended to reveal the capabilities and expertise of the management team and employees, their behaviours, practices, processes and relationships relating to the market orientation in traditional non-profit organisations within the South African context.

The objectives of the exploratory research are to:

- Explore the patterns of interrelationships between the constructs identified in the preliminary theoretical model
- Identify whether there are any additional constructs that could be considered for inclusion to the model (pending their theoretical justification and support)
- Collect information that will generate insights and confirm the constructs included in the preliminary theoretical model

- Uncover any cultural idiosyncrasies of South African non-profit organisations that may confound the theoretical model synthesized from the literature review

In summary, this section has outlined the justification for adopting an exploratory qualitative research design for this research as well as covered the objectives of this research. The next section will discuss the research methodology chosen for this study.

### **3.4 Research Methodology**

This section will discuss the justification of the adoption of a case study research methodology, which will be followed by a discussion of the data collection procedures. A case study method is an empirical inquiry that adds two sources of evidence, namely the direct observation of a situation being studied as well as interviews of the persons involved (Yin 2003). A case study is particularly relevant when a researcher deliberately wants to understand and investigate contextual conditions as they may be highly pertinent to the phenomenon of study.

In this instance, the South African context is of significance as it is assumed that the business context will differ from that evidenced in western countries. The case study method is used in different types of situations and is used in this study to contribute to the knowledge of the organisational and social phenomena. The need for a case study was recognized for this study as there was an implicit desire to understand complex phenomena and allowed the researcher to have a holistic view of a real-life situation or event, namely organisational and managerial processes. This study conducts multiple-case studies to investigate the research issue.

#### **3.4.1 Justification of case study research methodology**

Case study research is a social science research methodology that has been chosen for this study as it allows for more comprehensive evidence for studying a research problem (Yin 2003).



Case study research is practical in that the researcher can use all methods possible to address a research problem, using both qualitative and quantitative research methods if required (Cresswell & Clarke 2007; Yin 2003). When comparing case studies with other research strategies, the research question as well as the control of behavioural events and the focus on contemporary events usually determines which research strategy to use.

Table 3.2 below illustrates these conditions and describes how each condition is related to the five research strategies, experiments, surveys, archival analyses, histories and case studies.

**Table 3.2 Research Strategies**

Strategy	Form of Research Question	Requires control of behavioural events	Focuses on contemporary events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival Analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case Study	How, why	No	Yes

Source: Yin (2003) 'Case Study Research' pg 5.

In general, 'what' questions may be exploratory, in which case any of the abovementioned strategies can be used. 'How' and 'why' questions are usually addressed with the use of case studies, experiments or histories (Yin 2003). This being an empirical inquiry, using a case study research method, will investigate a phenomenon within a real-life context where there may be many more variables of interest than data, and will rely on multiple sources of evidence that will be used to converge the data in a triangulation type manner, and then collect and analyse the data based on prior development of theoretical propositions (Yin 2003). Case study research follows a set of specified procedures that were followed during the data collection and analysis of the data and will be discussed later in the chapter.

For this study, an emphasis is placed on the data that is to be studied, focusing on how the data will link together and then articulating this into a formal structure so that it becomes a clear design plan (Yin 2003). The case study design will adhere to the four conditions related to design quality, namely construct validity, internal validity, external validity and reliability. The main components of the case study research design are (Yin 2003):

1. The research question
2. The propositions
3. The units of analysis
4. Linking of the data to the propositions in a logical manner
5. The criteria for reporting and interpreting the research findings

The next section will go into more details relating to the case study methodology.

### **3.4.2 Case Study Methodology**

The previous section justified the adoption of a case study methodology. This section will discuss the procedure for data collection and analysis.

There are four methods that are used to collect primary data, namely: by an experiment; through observation; by the use of a survey; or by means of an interview (Zikmund 2003; Yin 2003). The methodology for data collection in this study is by means of a number of in-depth interviews. There are numerous ways in which to engage with respondents to collect data, either through human interaction which is a two way communication where an interviewer asks questions and records the answers. Some of the examples are by personal interviews, door-to-door interviews, mall intercept interviews and telephone interviews.

Another approach is through self administered questionnaires where the respondent reads the questions and answers them on their own in their own time, examples are mail or fax surveys or by computer assisted questionnaires where the use of a computer is involved. Examples of these are internet surveys, email surveys and interactive kiosk surveys (Zikmund 2003). There are numerous advantages and disadvantages for using each of the methods described above, and these are illustrated in Table 3.3.

**Table: 3.3 Advantages and disadvantages of typical data collection methods**

	<b>Personal In-depth interview</b>	<b>Mall intercept personal interview</b>	<b>Telephone interview</b>	<b>Mail survey</b>	<b>Internet survey</b>
<b>Speed of data collection</b>	Moderate	Fast	Very fast	Slow; researcher has no control over return of questionnaire	24/7
<b>Geographic flexibility</b>	Limited to moderate	Confined, possible urban bias	High	High	High (worldwide)
<b>Respondent co-operation</b>	Excellent	Moderate to low	Good	Moderate; poorly designed questionnaire will have low response rate	Varies depending on website; high from panels
<b>Versatility of questioning</b>	Quite versatile	Extremely versatile	Moderate	Not versatile; requires highly standardized format	Extremely versatile
<b>Questionnaire length</b>	Long	Moderate to long	Moderate	Varies depending on incentive	Moderate; length customized based on answers
<b>Item non-response rate</b>	Low	Medium	Medium	High	Software can assure none
<b>Possibility for respondent misunderstanding</b>	Low	Low	Average	High; no interviewer present for clarification	High
<b>Degree of interviewer influence on answers</b>	High	High	Moderate	None, interviewer absent	None
<b>Supervision of interviewers</b>	Moderate	Moderate to high	High, especially with central location WATS interviewing	Not applicable	Not applicable
<b>Anonymity of respondent</b>	Low	Low	Moderate	High	Respondent can be either anonymous or known
<b>Ease of call back or follow up</b>	Difficult	Difficult	Easy	Easy, but takes time	Difficult, unless email address is known
<b>Cost</b>	Highest	Moderate to high	Low to moderate	Lowest	Low
<b>Special features</b>	Visual materials may be shown or demonstrated; extended probing possible	Viewing of video materials possible	Simplified fieldwork and supervision of data collection; quite adaptable to computer technology	Respondent may answer questions at own convenience, has time to reflect on answers	Streaming media software allows use of graphics and animation

Source: Zikmund (2003) 'Business Research Methods' pg: 228

For this study, the in-depth interview process was chosen as it is an interactive process for the collection, analysis and interpretation of data in areas lacking theory (Zikmund 2003). It also allowed for the researcher to develop a relationship with the interviewee and to gain access to additional sources of evidence, including brochures, company reports and other materials. The first interview was the pilot case, where questions were asked more broadly. Thereafter, with each interview that followed, the theory development improved. The initial propositions from the pilot case were confirmed using a confirmatory in-depth interview process. Comparisons of the responses were made after each interview against the initial pilot case as well as the previous interviews to establish whether replication was confirmed (Yin 2003). The next section will describe the interview protocol in more detail.

### **3.4.3 In-depth Interviews**

The exploratory research data collection method made use of qualitative in-depth interviews, also termed responsive interviewing (Rubin & Rubin 2004). This type of approach follows the interpretive constructionist philosophy, combined with critical theory where the goal is to generate depth of understanding, rather than breadth (Rubin & Rubin 2004). The interviews were face-to-face conducted with industry experts and opinion leaders. These types of respondents usually have very tight schedules and therefore an individual, face-to-face interview was more appropriate than a group interview or focus group. This method was chosen due to time, availability, convenience and cost (Zikmund 2003). Issues such as business planning, internal structures and processes, marketing practices, behaviours and activities can be discussed at length.

An in-depth interview is defined as an open-ended, discovery-oriented interview method that is well suited for describing both program processes and outcomes from the perspective of the target audience or key stakeholder (Rubin & Rubin 2004). An in-depth interview is a qualitative research technique that allows person to person discussion. It can lead to increased insight into people's thoughts, feelings, and behaviour on important issues. This type of interview is often unstructured and therefore permits the interviewer to encourage a respondent to talk at length about the topic of interest.

The in-depth interview allows the ability to: diagnose the situation; screen alternative variables and themes; discover new ideas; and ask knowledgeable individuals about this particular research problem. The in-depth interview uses a flexible interview approach and aims to ask questions to explain the reasons underlying a problem or practice in a target group (Rubin & Rubin 2004). This form of research can be used in pilot studies to generate ideas, to obtain greater depth of information on a topic of interest as a supplement to data received from other methods, and to evaluate the impacts of interventions on attitudes or beliefs. The goal of the in-depth interview is to deeply explore the respondent's point of view, feelings and perspectives to yield information pertaining to the research topic. In-depth interviews occur with one individual at a time to provide a more interactive experience (Zikmund 2003).

Key advantages of in-depth interviews are (Rubin & Rubin 2004; Zikmund 2003):

- Open-ended questions are worded so that respondents cannot simply answer yes or no, but must expand on the topic, allows for flexibility and uncovers information which may be confidential or sensitive, that may not be publicly available
- Allows for viewing of the respondent's behaviour and the ability to ask additional questions during the interview, develops a personal relationship with the respondent and allows responses to be more freely given
- Seek understanding and interpretation, interpret what is being heard, as well as seek clarity and a deeper understanding from the respondent throughout the interview
- The interviews are conversational, and the researcher's role is primarily that of a listener with smooth transitions from one topic to the next
- The responses are recorded, typically with audiotape and written notes (i.e., field notes). Observation and recording of non-verbal behaviours on the field notes as they occur. The researcher records views and feelings immediately after the interview and then transcribes the interview contents to facilitate analysis.
- In-depth interview answers are rich and detailed, consisting of comments, discussions and questions as opposed to quickly processed, closed answers
- The respondent may be interviewed on more than one occasion in order to further understand the research topic.
- Reconstruction of events by asking respondents to think back over how a certain series of events unfolded in relation to the current situation

- Ethical considerations, this method is the best way to get information in an honest way, with the person's explicit consent
- An individual interview is a one-on-one interaction and limits the reactive effects that might make them behave less naturally if they were in a group interview or being observed
- It is less intrusive in people's lives, one or more interviews take place over a few hours and then its over. There is no need to continue interacting over a period of time. Access to a wide variety of people and situations compared to a participant observation or a case study

The next section will describe the data collection procedures for this study.

#### **3.4.4 Data collection procedures**

Kvale (1996) details seven stages of conducting in-depth interviews. They include thematizing, designing, interviewing, transcribing, analysing, verifying and reporting. This approach was adhered to during the interview preparation and planning stages, during the design, analysis and reporting stage. The next section will describe the interview protocol used for this study.

#### **3.4.5 Interview Protocol**

The in-depth interviews used in this research followed a semi-structured approach, where the researcher had an interview guide of open-ended questions on fairly specific topics to be covered, but the respondent had a great deal of leeway in how to reply. Guidelines for the interviews were based on the objectives of the exploratory research and they are included in Appendix B. Each interview was scheduled for an hour and was conducted at the respondent's office, where management felt most comfortable (Kinnear & Taylor 1996).

The interviews began with questions regarding an overview of the organisation and the respondents' role within the organisation and a general discussion about the non-profit sector and non-profit organisations. This was followed by more specific questions about their marketing practices, internal structures, business relationships, their perceptions of marketing effectiveness and sustainability and alternative methods to raise income.

The respondents were then informed about four management challenges that were identified based on the literature review in section 2.2.4, and were asked to give their opinion on whether they felt the same issues were prevalent in the South African context.

The concepts of a social business model and the social entrepreneur was then discussed, and finally the interviews ended with a brief discussion on their thoughts around whether a social business model and its associated strategic marketing approach would benefit non-profit organisations in South Africa. All interviews were audio recorded with permission of the respondent and then transcribed.

### **3.4.6 The Sample**

The population for this research was organisations within the South African non-profit sector. The sampling frame chosen were executives and top management from nine traditional non-profit organisations and social enterprise businesses. As the nature of this research is exploratory, a non-probability, judgment sampling method was used (Zikmund 2003). The number of respondents to be interviewed was determined by the insight, judgment, experience, or financial resources of the researcher (Chattananon 2003).

The criteria for this sampling method was based on drawing the entire sample from one representative city, being that the non-profit organisations that had their head office based in the Johannesburg area, even though the population includes all cities. The researcher was confident that the sample was a true representation of the entire population.

A list was put together based on twenty of the most well-known traditional non-profit organisations and social enterprises based on their level of public visibility. Non-profit organisation contact information was also provided by the South African NGO Coalition (SANGOCO). A total of twenty organisations were identified and letters were sent from the researcher to these organisations inviting them to participate in this study (see Appendix A for the letter proforma). The letters were followed up with telephone calls to schedule the face-to-face interviews.

A total of nine executives and top management from the non-profit organisations accepted the invitation to participate, four individuals from traditional non-profit organisations and five individuals from social enterprises. The researcher was not able to extend an invitation to additional organisations to participate in this study due to time constraints as the researcher emigrated from South Africa soon after the nine interviews had taken place.

### 3.4.7 Interview administration

The interview process was conducted by the administration procedure outlined in Table 3.4. The interviews were conducted during a six week period during February and March of the same year. The interviews followed the guidelines as shown in Appendix B.

The questions did not however, follow on exactly in the order outlined on the guide. In the first pilot interview which was Case A, which was included in this study, additional questions were asked as the researcher followed the discussion and asked questions relating to the topic and issues to provide more clarity, and to confirm their response. These additional questions were included into the interview guide for the balance of the interviews. All research issues were found to converge after finalizing the interview, also called ‘snowballing’ (Patton 1990).

The emphasis was on how the respondent understood issues, what the respondent viewed as important in explaining and understanding events, patterns and forms of behaviour.

**Table 3.4 Interview administration procedure**

<b>Step</b>	<b>Timing</b>	<b>Details</b>
Step 1	Commencement of interview processes	Pre-notify email sent to interviewees
Step 2	One week later	Follow up email to interviewees
Step 3	One week later	Telephone call to interviewees to set up face-to-face interview
Step 4	Two weeks later	Reminder email sent to non-respondents
Step 5	Two weeks later	Final reminder email sent to non-respondents
Step 6	Interview date confirmed	Meeting invitation emailed to interviewees with date, time and venue for the face-to-face meeting
Step 7	Day before interview	Agenda emailed to interviewees

Source: developed for this research



### **3.4.8 Data analysis**

The procedure for data analysis includes taking the transcribed interviews and then finding, refining and elaborating concepts, themes and events and then coding the interviews to retrieve what the interviewees said about them (Rubin & Rubin 2004). In this study the concepts and themes were sorted and compared across the interviews to formulate a description of the setting in order to answer the research question in ways that allow the researcher to draw broader theoretical conclusions. A matrix was used to store and sort the data manually. Finally, the data was combined to assess how the concept was seen overall and any similarities and differences in the way the concepts were viewed and noted. The analysis also included triangulation of the data by analysing company reports, brochures and websites, where the separate pieces of information all pointed to the same conclusion (Leedy & Ormrod 2005). A panel of marketing experts was accessed to confirm the allocation of rankings to constructs for final analysis. The panel comprised of two university professors and a sales and marketing business coach, and were selected based on the researcher's previous experience in working with each member. Each panel member was individually approached by the researcher and invited to participate in this study. The ranking allocation process involved each panel member submitting their votes by email to confirm the allocation of rankings. If there was any disagreement to the allocation of the rankings, a conference call was held where the final rankings were discussed and a consensus was agreed upon.

The process of allocating a score in order to analyse the data more clearly results in only nominal data or ordinal data at best. This will not allow for any sophisticated statistical data analysis, like the calculation of means. The allocated scores were given in order to simplify the data analysis and to more clearly identify the patterns in the data. The ranking process will be discussed in more detail in the next section.

### **3.5 Operational definitions**

An operational definition is a definition that is stated in terms of specific measurement criteria, and the terms must be clear and able to be measured in such a way that one can gather appropriate information to test the propositions (Zikmund 2003). The purpose of the operational definition is to provide an understanding and measurement of the concepts used to develop the relationships found in hypotheses and theories. (Zikmund 2003).

Four research propositions were identified in this study from the literature review that was described in chapter two. The following constructs made up these propositions: a) the individual CEO characteristics; b) the type of business model; c) market orientation; d) entrepreneurial culture, and e) organisational performance. Each construct has a number of criteria that outline the specific characteristics to be analysed and the associated measurement values will be given to each criteria.

For each construct, evidence from interviews and other data were used to identify the existence or otherwise the dimensions of the construct with a value judgement given using a conventional measurement scale. Whilst the scale itself remains an arbitrary allocation of numerical significance to qualitative information, for the purposes of this study a score of 1 would mean a low level of evidence of the dimensions of the construct. In contrast, a score of 5 would represent evidence of a high level of the dimensions of the construct. Correspondingly scores of 2 would reflect a moderate to low level, 3 a moderate level, and four a moderate to high level of the dimensions of the construct.

The scores for each of the dimensions for each construct were then combined and averaged to generate a numerical representation for each construct. This approach assumes that all dimensions are equally important and as these numbers are only designed to facilitate general analysis and not for any statistical interpretation, this would seem to be appropriate. Finally the allocation of numbers to the evidence of behaviours, characteristics and activities was reviewed by a panel of experts to ensure that the interpretations were reasonable and consistent. Each of the operational definitions and measurement values of the constructs will be briefly described below.

### **3.5.1 CEO Characteristics**

The dimensions that comprise the individual characteristics of the CEO for this study are evidence of them having entrepreneurial traits, their level of education and evidence of their business and social skills. The evidence that will be sought in order to determine a relative measure of a CEO's entrepreneurial traits are: their charisma, the evidence of them having a bold vision and an ability to see the 'big picture'; their creativity; their willingness to take business risks and act boldly; and evidence of their ability to be innovative. The CEO's level of education were determined based on whether or not the CEO has tertiary education, and whether the CEO has achieved a bachelor, masters or doctoral degree.

The business and social skills of the CEO were determined through questions designed to identify their ability to make strategic decisions; to determine how they allocate and access resources; whether or not they actively participate in lobbying activities with potential donors and competitors; what, if any, business models they apply and incorporate to assist them in their operation of the business; whether they use a business like approach to managing the organisation; and whether the CEO has a vision for the business and a plan for achieving its mission and long term survival. The responses to the questions will be aggregated into four measurement criteria as outlined below.

#### **Measurement criteria:**

1. Level of education: the level of formal education of each CEO was noted and each CEO was given a score from 1 – 5 to represent their level of achievement. A score of 1 would indicate that the CEO had little or no formal education and a score of 5 would indicate postgraduate business related education.
2. Business skill: the level of business skill of each CEO was determined by the evidence of their business and management education and training; previous business experience; management experience; and experience in launching their own organisation. A score of 1 would indicate that the CEO had little or no business skill and a score of 5 would indicate a high level of business skill.

3. Social skill: the level of social skill of each CEO was determined based on the evidence of whether they are an opinion leader (out-spoken, have tenacity, is a passionate activist, is political); whether they have the ability to engage with Government organisations and other non-profit organisations; whether they operate with a profit-based orientation to acquire resources and further their cause; and finally whether they have the ability to engage with the media to get publicity and visibility for their organisation. A score of 1 would indicate that the CEO had little or no social skill and a score of 5 would indicate a high level of social skill based on all of the abovementioned criteria.
4. Entrepreneurial traits: the level of entrepreneurial traits of each CEO was determined based on the evidence of whether they are a charismatic visionary, whether they exhibit innovative characteristics, whether they appear to be a risk taker, the level of perceived pro-activeness and whether they demonstrate a revolutionary passion for social change, as in the case of the social entrepreneur (Bornstein 2004; 2003; 1998). A score of 1 would indicate that the CEO had little or no entrepreneurial traits and a score of 5 would indicate a high level of entrepreneurial traits that include all of the abovementioned criteria.

### **3.5.2 Type of business model**

The type of business model is based on the degree to which the non-profit organisation has adopted either a purely traditional non-profit organisation business model or a social enterprise business model in how it generates revenue and how it relates with its key stakeholders. The degree to which a non-profit organisation has adopted a social enterprise business model will be based on Dees (1998) Social Enterprise Spectrum, which ranges from traditional or purely traditional or philanthropic organisation at one end to a commercial organisation at the other.

**Measurement criteria:**

The level of adoption of a social enterprise business model for each case was given a score from 1 – 5 to represent their level of adoption. A score of 1 would indicate that the non-profit organisation had little or no commercial elements, i.e. is purely philanthropic and a score of 5 would indicate that the non-profit organisation is purely commercial.

**3.5.3 Market orientation**

Market orientation is the implementation of the marketing concept and is characterized in this study by dimensions as follows.

**Measurement criteria:**

1. External orientation: the level of external orientation was determined by the degree to which the organisation focuses on its dual markets (beneficiaries and donors) and other stakeholders (its board, the public, Government), its competitors and environmental factors. A score of 1 would indicate that the organisation has little or no external orientation based on the responses from the interview as well as from other sources of information like the internet, and a score of 5 would indicate a high level of external orientation that include all of the abovementioned criteria.
2. Relationship management: the level of relationship management was determined based on the degree to which the organisation focuses on building and maintaining strong business relationships with its beneficiaries, donors, competitors, corporate sponsors, other non-profit organisations and Government. A score of 1 would indicate that the organisation has little or no relationship management focus and a score of 5 would indicate a high level of relationship management focus that includes relationships built with all of the abovementioned stakeholders. The ranking would be based on the evidence from the interview responses and from other sources like the internet, their website and other materials that are publicly available.

3. Marketing activities and behaviours: the level of marketing activities was based on the degree to which the organisation performs the following marketing activities: promotions, advertising, public relations, communications and branding. A score of 1 would indicate that the organisation has little or no marketing activities and a score of 5 would indicate a high level of marketing activities.
4. Marketing behaviours: the level of marketing behaviours was based on the degree to which the organisation gathers business intelligence about their beneficiaries, donors, competition, Government, other non-profit organisations, disseminates this information throughout the organisation, and then responds to the intelligence to make informed business decisions. A score of 1 would indicate that the organisation has little or no market orientation behaviours and a score of 5 would indicate a high level of market orientation behaviours.

In order to understand the level of market orientation an organisation has in this study, the responses to questions grouped into these four themes were aggregated by adding together the scores of the measurement criteria and then divided by four, as each measurement criteria has equal weighting.

#### **3.5.4 Entrepreneurial culture**

An entrepreneurial culture will be measured by understanding the degree to which the organisation has adopted a dual market oriented culture, how they practice the concepts of innovativeness and pro-activeness, how they respond to questions relating to risk taking in terms of management's internal influence. The responses to these questions were aggregated to allow placement on a matrix that represents low to high level of entrepreneurial culture within the organisation being studied. This was then be compared with the values that the same case study organisations have on the market orientation continuum, to establish whether the same organisations that have a high level of entrepreneurial culture also have a high level of market orientation. The following measurement criteria have been identified to determine an organisation's level of entrepreneurial culture.

**Measurement criteria:**

1. Entrepreneurial culture: the level of entrepreneurial culture is based on evidence that the organisation demonstrates the following characteristics:
  - has a dual oriented culture towards its beneficiaries and donors;
  - is innovative as evidence by the number of product lines or service offerings, the rate of product and services change or evolution and their research and development activities
  - is pro- active, which is illustrated by the number of new techniques adopted, the competitive posture, risk taking propensity, environmental boldness and decision making style; and,
  - the level of internal influence of senior management on goals, creativity systems, rewards, staff input, problem solving culture, entrepreneurial championing and empowerment.

A score of 1 would indicate that the organisation has little or no entrepreneurial culture and a score of 5 would indicate a high level of entrepreneurial culture and shows all of the abovementioned criteria.

**3.5.5 Organisational performance**

Organisational performance is described as the actual output or results on how the organisation is measured against its goals or objectives. In the non-profit context this refers to social value or impact, which is measured differently for every organisation. Therefore, organisational performance will be measured by assessing the organisation's ability to acquire human and financial resources, its reputation in the industry, its visibility, integrity, trustworthiness, and its ability to achieve its mission.

This data was collected by means of a set of questions to the interviewees, relating to their operational costs verses effectiveness, whether they managed to achieve their annual goals consistently over the past 3-5 years and the level of media coverage they had in the past 12 months. In addition to the interview, company annual reports (if available) were reviewed as well as an internet search performed on each of the organisations, to establish what is said about the organisation's performance and reputation.

The responses to the questions relating to organisational performance of each organisation, together with the data from the annual reports and other triangulated data was consolidated and then ranked based on the abovementioned measurement scale. Each measurement criteria was rated on a five point scale, where a score of 1 would indicate a low level and a score of 5 would indicate a high level. The aggregation was achieved by adding up the scores of each measurement criteria and then dividing them by three in order to get a single total value for organisational performance for the non-profit organisation. This value was then compared with the results of how the organisations fared against market orientation to establish whether organisations with high level of market orientation also have a high level of organisational performance. The three dimensions for organisational performance will be described below.

**Measurement criteria:**

1. Social impact: the level of social impact was based on the evidence of whether or not each organisation has achieved social impact. A score of 1 would indicate that the organisation did not achieve social impact based on their annual objectives and a score of 5 would indicate that the organisation achieved and exceeded its social impact.
2. Peer reputation: the level of peer reputation was based on the evidence of how each organisation is perceived in the industry, its visibility, integrity and trustworthiness. A score of 1 would indicate that the organisation has little or no visibility in the industry and little or no awareness with the general public regionally or nationally, thereby having a low level of peer reputation. A score of 5 would indicate that the organisation has a high level of visibility in the industry and a high level of awareness with the general public and is well known regionally or nationally, thereby having a high level of peer reputation.
3. Resources: the level of resources was based on the extent to which the organisation acquired human and financial resources, as evidence by the annual growth of the organisation in revenue, social impact and number of employees. A score of 1 would indicate that the organisation has little or no ability and focus on resource acquisition and a score of 5 would indicate that the organisation has a high level of ability and focus on resource acquisition.



The operational definitions are described in Table 3.5. The conceptual definitions also described in Table 3.5 are clear, specific and unambiguous definitions of each construct in relation to the theoretical model. The first column in Table 3.5 outlines the constructs that were developed from the propositions, this is followed by the second column which describes the conceptual definitions from each construct. The third column discusses the operational definitions of the conceptual definitions, and the fourth column describes which interview question relates to the construct.

A panel of expert marketing experts was then presented with the results of the numerical allocations for the constructs in the proposed theoretical model to validate the scoring system used. In all cases each panel member was provided with the measurement items and asked to allocate rankings for each case study. These results were then compiled to ensure consistency in the allocation of rankings and in the interpretation of the dimensions being examined.

**Table 3.5 Constructs and definitions**

<b>Construct</b>	<b>Related Proposition</b>	<b>Conceptual definitions</b>	<b>Operational definitions</b>	<b>Interview Question</b>	<b>Documents reviewed</b>
CEO Characteristics	1 & 3	An educated individual with business and social skill, with a virtuous behaviour to achieve a social mission, the ability to recognize social value-creating opportunities and key decision making characteristics in innovativeness, pro-activeness and risk-taking.	The characteristics of an entrepreneurial CEO is the result of his/her level of education, business skill, social skill and entrepreneurial traits (also called a social entrepreneur) that will positively impact entrepreneurial culture, market orientation and organisational performance of a non-profit organisation	7; 10; 13; 14; 15; 16	Company website Media articles and publications
Type of business model	2 & 3	A non-profit organisation is commercial to the extent that it operates like a business in how it acquires resources	A social enterprise business model will positively impact the organisational performance of a non-profit organisation	2,4,5,7	Company website Media articles and publications Company annual report Business planning processes
Market orientation	1 & 2 & 4	An integrated, holistic approach to having a customer-centric focus by developing a marketing strategy with action plans to create, deliver, and capture superior customer value while creating and maintaining a sustainable competitive advantage.	A high level of market orientation is the result of becoming customer-centric focused, having an external orientation, relationship management strategy; internal co-ordination and activities that gather intelligence, disseminate intelligence throughout the organisation, respond to the intelligence gathered and use the intelligence to make informed business decisions.	3; 6; 8; 9	Company website Media articles and publications Marketing material Marketing planning processes

**Table 3.5 Constructs and definitions continued**

Construct	Related Proposition	Conceptual definitions	Operational definitions	Interview Question	Documents reviewed
Entrepreneurial culture	3	Management of the elements of business and marketing strategy in an innovative and pro-active manner, such as a dual oriented, market-focused culture, customer and competitor analysis, value delivery, channel design, pricing, relationship management, brand management, sales, and marketing communication, and how it integrates with an organisation’s business strategy.	A high level of entrepreneurial culture is the result of having a dual market-oriented culture, cultivating an innovative environment that is pro-active in its approach and a team that are willing to take risks.	2; 7; 8; 10; 11; 12; 14; 16	Code of work ethics Company website Annual report Marketing material Business planning processes
Organisational Performance	4	How an organisation achieves the outcomes the organisation intends to produce, and the degree to which an organisation collects sufficient revenues from the sale of its products/services to cover the full costs of its activities, that can be maintained at a certain level indefinitely, having the capacity to endure.	A high level of organisational performance is the result of achieving a social impact, sourcing adequate resources and having a good reputation in the industry.  Financial sustainability is the result of having sufficient financial resource surplus on a consistent basis over time.	2; 4; 5	Company website Annual report Media publications Marketing material

Source: Developed for this research

### 3.6 Validity and reliability

The quality of the research design is required and is performed according to a number of tests. There are four tests that are commonly used to confirm the quality of empirical social research and case studies, namely construct validity, internal validity, external validity, and reliability (Yin 2003). Each test is briefly described below.

- Construct validity: establish correct operational measures for the concept being studied
- Internal validity (for explanatory or causal studies only, and not for descriptive or exploratory studies): establishes the causal relationship
- External validity: establishes the criteria to which a study's findings can be generalized
- Reliability: demonstrate that the procedures of the study, including data collection can be repeated with the same results

A summary of the four tests and their application to this research is described in Table 3.6.

**Table 3.6: Case study tactics for four design tests**

Tests	Case Study tactics	Phase of research in which tactics occurs	Application to the research
Construct validity	-Use of multiple sources of evidence  -Establish chain of evidence  -Have key informants review draft case study report	Data collection, literature review and depth interviews.  Data collection, data analysis, literature review and depth interviews  Data collection	Triangulation to be used to compare multiple sources of evidence gathered from interviews, company reports, brochures and websites.
Internal validity	- Do pattern matching	Data analysis	Not applicable to exploratory studies
External validity	- Use replication logic in multiple-case studies	Research design	Replication logic will be used in the multiple cases
Reliability	-Use case study protocol - Develop case study database	Data collection Data collection	Case study protocol developed for collection of the data.

Source: Adapted from Yin (2003)

In terms of construct validity and the extent to which what was to be measured in the concepts were actually measured, due to the fact that the methodology used in this study was qualitative methodology, this will deliver data that has weaker construct validity than would have been achieved had quantitative methodology been used. However, the measurement criteria and scales that were used to operationalise the concept were deemed to suitably reflect the underlying concept, even with the sample size constraints.

The reliability of the data also has limitations, however, this is not an issue as this study was not exploring facts, the interest was more in uncovering the richness of the data and to understand more about the data itself in order to validate the preliminary theoretical model and its constructs.

In summary, four design tests, namely construct validity, internal validity, external validity and reliability have been discussed to ensure the quality of the research design and the validity and reliability of the research findings.

### **3.7 Limitations of the research**

Case study research has been known to have several limitations in that it is difficult to conduct as it can cover a very wide topic under study and can develop complex theories. It is important that this limitation is addressed by refining the research problems to specific research questions and by developing the theory before the data is collected. Another limitation is its external validity, whether the findings can be generalized for the world at large.

The way in which this limitation was addressed in this study is by developing case study protocol and by confirming the findings of the data across various sources as well as by developing a case study database. Another limitation is that the procedures for case study methodology are not robust enough to develop and confirm theory (Yin 2003). This was addressed by the development of a preliminary theoretical model, and then to confirm or refute the model. The model can then be used in future research. The next section will discuss the ethical considerations for the research strategy.

### **3.8 Ethical considerations**

It is the responsibility of the researcher to protect the interests and ensure the privacy and safety of sponsor and respondents (Neuman 1997). Researchers have to judge what activities are inappropriate and what activities must be undertaken to ensure that no one will be at a disadvantage as a result of the research (Cooper & Schindler 2003). It is the researcher's responsibility to balance the value of knowledge and non-interference in the lives of others.

Ethical treatment of respondents is the most important ethical issue and to ensure rights are not compromised in any way (Cooper & Schindler 2001). There are four key areas to consider regarding ethical treatment of participants, namely: deception; informed consent; rights to privacy; and right to safety. These will be briefly discussed below.

Deception occurs when the researcher disguises the real purpose for the research that could be harmful to the respondents or any other party (Zikmund 2003). Care will be taken to ensure that the study benefits respondent rights and protections are properly explained to the respondents and that informed consent is obtained. Respondents have the right to privacy, anonymity and free consent, therefore respondent anonymity and their privacy will be respected, their information will not be made public and it will be stated on the cover letter that the information is to be used for research purposes only. The researcher will be the only person with access to private information. All respondent information will be strictly confidential.

The respondents are not obligated to participate in the study, and can at any time refuse to answer any question or exit the interview at any time. Respondents have the right to be informed and will be given enough information about the nature of the study and the contribution it will make to decide whether they wish to participate in the study or not (Furlong et al. 2000; Leary 1995). A cover letter was prepared that describes the nature and purpose of the study. Finally, respondents have the right to safety so their mental, physical or emotional state should not be compromised due to the research (Churchill 1995; Leary 1995). Any sensitive type of questions were asked towards end of the survey once a level of trust and rapport had been established.

High standards were maintained to ensure the data is accurate (Zikmund 2003). This includes using appropriate methodology and scientific methods so that any possible errors are detected and eliminated or reduced. Care was taken that the data was not manipulated in any way and consideration was given at all stages of the research design process to minimize any possible ethical issues. The research reporting process was maintained ensuring that the data was collected, analysed and interpreted in an honest manner and that true research findings were presented (Kinnear & Taylor 1996).

### **3.9 Conclusion**

This chapter explained and justified the research paradigm, research design and methodology for this research study. The justification for the selection of organisations, interviewees and interview protocol was discussed. The four tests for quality of the research design were then discussed for confirmability, credibility, transferability and dependability. The limitations of the research were then discussed, followed by ethical considerations. The analysis of the data collected for this research will be discussed in the following chapter.

## **4 Chapter Four - Data Analysis**

### **4.1 Introduction**

This chapter presents, examines and interprets the data collected from the nine case studies to address the four research propositions identified in chapter two. In answering the objectives of this research, the preliminary theoretical model of antecedents and consequences of market orientation in the non-profit South African context will be reviewed and conclusions drawn. The implications of these results are discussed and consideration of the literature is presented in the next and final chapter, chapter five.

This chapter is organized into six sections.. An overview of the data analysis and reporting justification is discussed in section 4.2 which is then followed by the profile of the nine cases in section 4.3. In section 4.4 is an overview of the findings, followed by data collection procedures discussion of the findings from the research propositions in section 4.5. Finally, the conclusion is presented in section 4.6.

### **4.2 Overview of the data analysis and reporting**

An interactive and iterative approach was taken in this study using multiple cases in order to refine and replicate the interviews. The first case was used to test the theoretical model, against which the other cases were compared in order to confirm pattern matching or to identify new patterns emerging from the data.

The interview data from all nine cases was transcribed and other sources of information from company annual reports, company websites, media publications and other website sources was collected to allow general concepts and themes to be identified. The data was then coded to be able to retrieve meaning of the responses in relation to the constructs identified as important in this study. The data was then compared across the nine case studies based on the specified themes and constructs. The objective of this style of data analysis was to discover variation and meaning and then to make the complexity understandable (Rubin & Rubin 2004).



The comments of the respondents were synthesized into core concepts and themes that were examined together. The concepts and themes on the same topic were then combined both within a single interview and then across the nine case studies in order to identify a specific concept and its meaning and then identify relationships between themes.

Once the concepts and themes were identified, they were then coded. Coding involved the systematic labelling of concepts, themes, and topical markers so that they could be easily retrieved and allow examination of all of the data units that refer to the same subject across all nine cases (Rubin & Rubin 2004). The codes represented the responses to the questions and were structured and sorted so that they could be analysed to address each of the four research propositions. The data was further analysed for common themes and patterns. Cross-case analysis was then conducted in order to identify systematic similarities and differences.

The analysis included triangulation of the data, where the separate pieces of information such as company websites, brochures and company reports were used to provide additional support to the conclusions drawn from the data (Leedy & Ormrod 2005). A cross-case analysis matrix was developed to summarize and compare the cases as depicted in Appendix C. In the matrix a '✓' shows data representing the interviewees' response. Reporting of the findings was then summarized into tables and diagrams based on the research propositions.

The coding of the nine cases was established by assigning a letter of the alphabet to each case based on the order in which the interviews were conducted, starting from A to I in order to maintain anonymity of the respondents. Table 4.1 provides a descriptive profile of each respondent.

**Table 4.1 Summary of profile of each respondent**

<b>Case</b>	<b>Industry sector</b>	<b>Respondent's position</b>	<b>Age</b>	<b>Gender</b>	<b>Race</b>	<b>Highest education level</b>
A	Education	Founder and CEO	40-50	Male	Indian	Tertiary ed
B	Education	Head of School	30-40	Male	Black	Tertiary ed
C	Emergency Response	National Information and Communications Manager	40-50	Male	Indian	Tertiary ed
D	Social capacity building	Regional Director	40-50	Female	Indian	Tertiary ed
E	Education/ Research	Head of organisation	50-60	Male	Indian	Tertiary ed
F	Child welfare	Director	40-50	Male	White	Tertiary ed
G	HIV & Child welfare	Deputy Director	40-50	Female	White	Tertiary ed
H	HIV home based care	Founder	50-60	Female	White	Tertiary ed
I	Education	Senior Manager: Marketing	30-40	Male	Indian	Tertiary ed

Source: developed for this research

Seventy eight percent of the respondents were CEOs with the remainder being senior managers (22%). One third of the respondents were female and all respondents had a tertiary education. Fifty five percent of respondents were aged between 40 and 50. The racial distribution of the respondents was diverse, which aligns with the South African population, in that there was a mix of white (34%), Indian (55%) and Black (11%) people interviewed. It is interesting to note that just over half the respondents were of Indian nationality. In a country that is predominantly populated by black people (79% of the total population), an 11% representation of this race would be considered as low <<http://www.statssa.gov.za>>. These results shows that there has not been a significant shift of black CEO's or top level directors into this sector, and given that South Africa has had Affirmative Action in place since 1994, it is expected that this number should be higher.

The industries represented by the cases ranged from Education to Child Welfare and all but one had an element of social capacity building in their charter. The one organisation that did not have a social capacity building charter was an emergency response organisation, which focuses on humanitarian and disaster relief.

The next section is a discussion of each of the nine cases. This is followed by a discussion of the findings based on the research propositions and the relationships proposed in the preliminary theoretical model.

### **4.3 Profiles of the nine cases**

The profiles of the nine members of top and middle management from the non-profit organisations in South Africa are presented in this section. Each profile overview includes the organisation's area of specialization, when the organisation was launched and the number of full time, part time and volunteer employees. This is followed by a brief description of the geographical location of the organisation, its governance structure, how the organisation is funded and how the organisation measures social impact within the communities they serve. Table 4.2 follows this description and provides a summary of the profile data of each of the nine cases. The classification of whether the organisation is a traditional non-profit organisation, mid-way social enterprise or a social enterprise is based on the feedback received from the interviewees during the interview process and the supporting material that was analysed.

**Case A** is a non-profit social enterprise that provides personal character and leadership education to individuals, families, businesses and government. It focuses on developing the individual's psycho-social skills to improve their readiness for life and instil in them a feeling of confidence. This organisation was founded in 1997 in a small garage by a 'passionate' individual *'who sought to counter the slave mentality that the Apartheid school system and the previous Government had entrenched - through empowering psycho-social skills and the arts'* and since then has grown to having over 1400 students and 130 staff. The staff employed includes 12 full time employees, over 50 volunteer mentors and over 60 volunteer coaches.

This education institution is a regional organisation in Gauteng, South Africa, and is funded and supported by over 50 profit-based businesses. The organisation currently has three colleges in South Africa, serving mainly disadvantaged students, and offers short courses to businesses and Government. Revenue is generated through fee-for-services. The social impact made in the community is illustrated by the more than 2000 students that have learned the life skills taught in the college and graduated from the institution since its inception. The organisation is governed by a board of directors that are successful, influential business people and the organisation is a registered as non-profit and all proceeds are used for community improvement. A company report for this organisation was not made available to the public, however the company website, other internal documents and media publications were reviewed.

**Case B** is registered as a non-profit education organisation that offers entrepreneurial education to financially disadvantaged youths. The vision of this organisation stems from the economic condition in South Africa, as described by the CEO in their organisational brochure, he stated that *'small, medium and micro-enterprises (SMME's) represent 97% of firms, contribute 35% of GDP, employ 55% of the labour force and contribute 42% of total remuneration. The South African economy is dependent on entrepreneurial activity for creating future economic growth and jobs'*. Students who complete courses are assisted in establishing small businesses by the school through the allocation of seed funding and then the institution acts as an incubator for a period of two years, helping them to grow the business.

The seed funding is made available from a group of four international, well-known businessmen who have taken a personal interest in investing into this organisation. The school takes an equity stake in their businesses over five years, and if students are successful, then they are invited to return to teach the school's current students. The institution charges interest on the seed funding and they use their equity stake to make sure that these businesses run and become successful. Twenty percent of the equity from the business goes to the school and ten percent goes back to the investor who put the money in. The seed fund therefore builds itself.

The institution was launched in 2005, with its first intake of students in 2007, and has 10 full time employees, up to 20 part time employees and up to 20 volunteers. The institution is based in Johannesburg South Africa, and has a board of directors and an advisory board which are further divided into two teams. One team is responsible for the academic elements of the organisation, and the other is responsible for international philanthropy. The board members are well-known international and local business people, philanthropists and opinion leaders in the non-profit sector. The organisation is completely funded by a multi-national conglomerate group of companies. The institute does not charge the students a fee, so the school is maintained by contributions from corporate sponsors and donation funding. The social impact of the organisation is illustrated by: a) the number of students that learn business and entrepreneurial skills; b) graduates from the program; c) the numbers of students who launch a small business; and d) the number of students who managed to sustain the business over time.

**Case C** is a humanitarian aid organisation that provides relief to the people who have been impacted by natural disasters or arms conflicts around the world. The organisation's mission is based on the Geneva Convention – the 'right of humanitarian initiative' (company website, visited August 15, 2011). In South Africa their profile includes addressing issues relating to HIV Aids and lack of water and sanitation. Activities cover health and care of orphans and vulnerable children in home based care, nutrition education, offer training services and help with refugees.

The international committee of this organisation was formed in 1863 and this country's office is one of the 186 members of the federation.

The organisation has thirty-six branches around the country and five provincial offices and a head office in Cape Town. This organisation is governed by a board and has numerous full time staff (over 100), supporters and '*thousands*' of volunteers, as quoted by respondent C. The board members are well known opinion leaders in the non-profit sector. The South African office is wholly funded by the international foundation, which receives grants and donations needed to achieve its humanitarian mission. Their social impact is illustrated by the status of the community before and after a disaster has occurred, and how the organisation was able to assist people with basic necessities like, food, water, shelter and medical supplies to sustain livelihood in the midst of a disaster.

**Case D** is a foundation that identifies potential social entrepreneurs and then supports them financially in their personal capacity for two years, paying their monthly expenses so that they can apply their minds to focus on their social change idea. Their premise is that their selection criteria for this program based on the ability to demonstrate drive, passion, enthusiasm, practical implementation of an idea and innovativeness that will create an environment for change in the communities in which these people operate. There are currently almost 2000 social entrepreneurs worldwide that this organisation has supported since its inception.

The foundation was launched in the late 1980's and the South African office launched in 1991. It has a national footprint and has 130 social entrepreneurs based in the Southern African region. The organisation is a registered non-profit organisation and is governed by a board of directors. The organisation's head office is based in Washington DC, that is still being overseen by its founder who himself is a social entrepreneur. This organisation believes that social entrepreneurship *'is the way of the future because it is more than just 'welfarist', it is about a social venture capital model'* (quoted by the respondent D).

The organisation support the social entrepreneur financially for three years, but over and above the financial support they also provide access to their worldwide network of social entrepreneurs. The company's annual report shows an annual receipt of contributions of USD\$35 million dollars in 2009. These funds are sourced from individual donors and corporate sponsors. The social impact of this organisation is illustrated by the number of social entrepreneurs they are supporting and the corresponding impact that these social entrepreneurs have made in their local communities.

**Case E** is a non-profit education and research organisation that conducts qualitative and quantitative research studies and training programs for Government and other non-profit organisations, as well as provides a press clipping service to subscribers interested in everything from HIV Aids to women and youth. The organisation was established in 1990 and has less than 10 employees. The organisation's mission and values stem from the *'belief that by sharing knowledge and information, democracy in South Africa would be strengthened'* (quoted by Respondent E).

The organisation has its office based in Johannesburg and provides funded research work and also performs self funded research on important issues like non-profit board governance. They also offer training in capacity building with other non-profit organisations and training around management of non-profit organisations including: strategic planning; organisational development; project management; and advocacy skills. The organisation's founder has written and published a number of publications on the South African non-profit sector. The organisation's revenue is generated through providing fee-for-services, these services include: press clipping subscriptions; research work and training.

The organisation does not appear to be governed by a board of directors. The organisation is a non-profit organisation and also obtains funding grants for research that the organisation undertakes from various local and international foundations and institutions. The organisation's social impact is illustrated by the number of research reports, training programs, books and other articles that have been published and shared.

**Case F** is an international non-profit foundation that works through 81 community based organisations to provide care to 34 000 orphans and vulnerable children. The organisation was founded in 2001 by a group of ex-South African friends who wanted to make a difference in the lives of children orphaned or made vulnerable through the HIV/AIDS pandemic in South Africa. Their goal was to reach over 100 000 children through 300 community based organisations by 2010. This foundation provides support to community based organisations that include: mentoring and training in organisational development and orphan care; operating expenses; travel costs; and the provision of food parcels. The organisation ensures that each child's basic needs are met and they have access to social support, nutritional support and education. The foundation is based in the UK and has an office in Johannesburg, South Africa. It is funded by forging relationships with profit-based corporations, foundations and trusts, overseas development aid and campaigns for grants and donations. The organisation is governed by board members that are prominent, high profile business people. The organisation's social impact is illustrated by the number of orphaned children they support.



**Case G** is an international humanitarian organisation that fights global poverty. They place *'special focus on working alongside poor women because, equipped with the proper resources, women have the power to help whole families and entire communities escape poverty'* (quoted by Respondent G). Their community-based efforts are designed to improve basic education, prevent the spread of disease, increased access to clean water and sanitation, expand economic opportunity and protect natural resources. This organisation also delivers emergency aid to survivors of war and natural disasters, and helps people rebuild their lives. This organisation has offices in over 80 countries.

The South African office was established in 1999 and is a joint organisation with the Lesotho office, which was launched in 1968. The local office is based in Johannesburg and reports to the USA with an international secretariat in Geneva, that co-ordinates all of the funds for this organisation. Most of the work in South Africa is HIV related working with home based care for orphans and vulnerable children. The organisation's main centres of work are in the Free State, Mpumalanga, Limpopo, there are no projects based in Johannesburg. Most of their funds come from USAID and the Centre for Disease control in US, the European Commission, the Irish government, the Norwegian government, German private foundations and the Australian government.

This organisation also accesses funds from international foundations like the Ford Foundation. The local organisation is governed by a board comprised of influential opinion leaders and has more than 50 full time employees. The organisation's social impact is illustrated by the number of community based efforts they have and the number people that have benefited with education, sanitation and food parcels from their support.

**Case H** is a Home Based Care facility, non-profit community based organisation in Schoemansdal, Mpumalanga. This organisation was set up in 1999 in response to the AIDS epidemic in the Nkomazi Region. It operates in 22 villages and reaches approximately 250,000 people through their 300 field workers. They also have an outreach program into Swaziland and Mozambique. The organisation teaches and equips people to care for dying AIDS patients, counsel traumatized families, take care of orphans, and engage youth in life changing programs to combat HIV infection and to empower the local community to become self-sufficient.

This organisation is supported financially by grants and donations, and two profit-based businesses which were established in order to fund the non-profit organisation. The first profit based business is a community newspaper which generates income, and the second business produces and sells arts and crafts. The newspaper is struggling financially as it is difficult to attract advertisers to the paper. It seems that donations are easier to secure than business transactions such as advertising expenditure for this organisation. There are 35 to 40 crafters from vulnerable backgrounds, and the organisation is giving them food parcels as remuneration.

In addition to the profit based businesses, the organisation is also setting up a coffee shop at the boarder near Swaziland and has linked up with a popular franchising business to get established. Coffee and scones will be sold, while tourists watch a local drama show. In addition to the arts and crafts business, there is a team of five people that make painted tablecloths that are sold through a company in Johannesburg. This poses new challenges when large orders come in as they are not able to meet deadlines due to limited resources. The non-profit organisation comprises of less than 50 full time employees and over 100 volunteers (who receive food parcels as compensation), it has a management team and a board that governs over management. The non-profit organisation's social impact is illustrated by the number of AIDS patients they support.

**Case I** is a non-profit higher education institution that is a community-funded university, funded by donations in kind. The institution receives volunteers' time, goods, and sponsorships from individuals and companies so that their students pay virtually no fees. The students come from underprivileged backgrounds across South Africa and are required to 'pay' part of their tuition by going back to communities to educate their peers. This raises the level of skills in hundreds of villages. This university was founded in 2000, to '*transform the future of Africa*' (quoted by Respondent I) by producing graduates who become qualified professionals and creators of new businesses, addressing four of the issues targeted at the 2005 World Economic Forum: Africa, Poverty, Health and Education (quoted by Respondent I). In order to keep the costs of education low, South African professionals lecture on a 'pro-bono' basis, and companies and individuals donate money and equipment and sponsor students, and the students help to run the campus. The institution offers a fully accredited, practically based four-year Bachelor of business Administration qualification that emphasizes entrepreneurship, business and technology.

The donations received from companies and individuals worldwide allow the organisation to offer students further funding support for accommodation, transport and food, as most students have no money. This university currently has over 1,300 students enrolled. The institute is based in the Johannesburg city centre, occupying buildings that were donated by several companies that used to have headquarters there and have since moved to another part of the city. This university was founded by an internationally recognized social entrepreneur, and *'is one of the most well known non-profit organisations with one of the strongest brands, based on the number of press articles that the university and its founder are in'* (Respondent I). The university has less than 100 full time employees, less than 100 part time employees and approximately 50 volunteers. It is governed by a chancellor and a board that is made up of prominent academic and business people. The social impact of this organisation is illustrated by the number of students enrolled and that have graduated from the institution.

**Table 4.2: Summary of the nine case profiles**

Case	International or Local	Social enterprise, midway social enterprise or traditional non-profit	Date of local office establishment	Source of income	High profile board members	Number of full-time employees at SA office
A	Local	Social Enterprise	1997	Fee for service	Yes	10-20
B	Local	Social Enterprise	2005	Corporate sponsors, investors	Yes	1-10
C	International	Traditional non-profit	1863	Grants and donations	No evidence	>100
D	International	Traditional non-profit	1991	Grants and donations	Yes	10-20
E	Local	Mid-way social enterprise	1990	Fee for service	Yes	1-10
F	International	Traditional non-profit	2001	Grants and donations	Yes	10-20
G	International	Traditional non-profit	1999	Grants and donations	No evidence	50-100
H	Local	Mid-way Social enterprise	1999	Grants, donations, sale of products	No evidence	30-50
I	Local	Social Enterprise	2000	Grants, donations, gifts in kind, corporate sponsors and partnerships	Yes	50-100

Source: Developed for this research

To summarize, all of the organisations plan strategically and have a vision, mission statement and core values, and are comprised of a combination of full time and part time employees and volunteers. Eight organisations have a management team and a governing board (A, B, C, D F, G, H and I), and of these, seven organisations have influential business leaders on the board. Five of the nine organisations charge for products and services at a subsidized rate (A, B, E, H and I), and four do not charge their beneficiaries for services (C, D, F and G). Seven organisations were founded by passionate individuals who wanted to make a difference in their community (A, B, D, E, F, H and I) , and of those, four were recognized as social entrepreneurs by organisations like the Ashoka Foundation and the Skoll Foundation (A, B, D and I). Having presented a profile of each case, an overview of the findings will be discussed in the next section.

#### **4.4 Overview of the findings**

This section summarizes the key findings and sets out the basis for the detailed data analysis. The findings from each case confirm its uniqueness and are based around the five constructs that address the research propositions. These are: CEO characteristics, Type of business model, market orientation, Entrepreneurial Culture and organisational Performance. Each construct's conceptual and operational definitions were described in Chapter Three and have been assigned numerical values in order facilitate cross case comparisons relating to the level to which each case provides evidence of the existence or otherwise of the construct and its dimensions. Confirmation of the classification given to the constructs in this study has been obtained through the external validation process described in Chapter Three section 3.4. Results for each of the constructs will now be discussed before moving to analysis of the data to address the research propositions.

##### **4.4.1 CEO Characteristics**

As outlined in Chapters Two and Three, the characteristics of CEOs that have been hypothesised to be of importance in non-profit organisations in relation to the likelihood of adoption of market orientation were:

- Level and type of education;
- Degree of business skill;
- Degree of social skills;
- Ability to create social value opportunities;
- Ability to create innovative social ventures;

- Degree of innovativeness;
- Degree of pro-activeness; and
- Propensity for risk taking

As discussed in Chapter Three, these characteristics were summarised into four dimensions of the CEO characteristics for evidence was sought in this study. These were: 1) level of formal education; 2) level of CEO business skills; 3) degree of social skills, and; 4) entrepreneurial traits. The level of formal education was measured by obtaining information on each of the CEOs highest level of education as well as the type of education received, eg. business degree, psychology degree etc.

Business skills were assessed by the evidence of the CEOs business and management training, their career history, business and management experience, long-standing business partnerships and whether they had launched their own businesses. The CEOs social skill level was assessed by evidence of whether they were recognized by external stakeholders as a non-profit opinion leader and whether they had been cited in the media for their opinions and views in relation to non-profit organisations. Other evidence used in this construct were how politically vocal and out-spoken they were and whether they had activist traits/skills and a history of being able to partner with corporations, business executives and other non-profit organisations to further their cause.

The CEOs entrepreneurial traits assessment included reviewing the various mechanisms they had used in acquiring resources, whether they were a charismatic visionary, whether they exhibited innovative characteristics like trying new and unique ways to achieve a desired result, whether they appeared to be a risk taker in their decision making processes, and whether they tended to be pro-active in making things happen and demonstrated a revolutionary passion for social change. A review of external reporting of the achievements and accolades of the various CEOs was also part of the entrepreneurial traits assessment to determine whether they have been recognized by their peers for their contribution to social change.

This review included an investigation of the type of accolade received by the individual and how the accolade perceived by the industry nationally and worldwide. This information was sourced by means of an internet search. In each case a score of 1 to 5 was allocated for each dimension where a score of 1 indicates little or none of the particular characteristic and a score of 5 indicates a high level of that characteristic. Each of the scores for the dimensions was then aggregated for the construct of CEO characteristics to facilitate cross case comparison.

Table 4.3 provides a general summary table of the nine CEO profiles and their demographic characteristics. As can be seen, there is a wide variation in CEO types. There are some who have founded their organisations (A, B, D, E, H, I) while others had not (C, F, G). Some CEOs have been recognized by their peers as being social entrepreneurs (A, B, D, I) and most of these CEOs had also leveraged corporate partners (A, B, C, D, F, G, I). All CEOs had leveraged other non-profit organisations as partners. These associations with other organisations suggest that these non-profit organisations had clearly recognized the need to collaborate with other organisations in order to achieve their goals.

The overall numerical value for each CEO characteristic was then determined and these are shown in Table 4.4. A score of 5 would mean high levels of these dimensions evidenced, a score of 4 would mean a moderate to high level was evidenced and a score of 3 would mean a moderate level was evidenced. Any score below 3 (i.e. a 1 or a 2) would indicate little or no level of these characteristics was evidenced. A more detailed description of each of the cases CEOs business achievements is found in Appendix D. In terms of the overall score on the CEO Characteristics construct, the cases with the highest score were Cases D and I with an average score of 4.75, where Case D scored 5 for level of education, a score of 4 for business skill, a score of 5 for social skill and a score of 5 for entrepreneurial traits. Case I scored 5 for level of education, a score of 5 for business skill, a score of 5 for social skill and a score of 4 for entrepreneurial traits. Even though the individual dimensions for these CEOs differed (Case D had a lower score on business skills than Case I and Case I had a lower score on entrepreneurial traits than case D), the average score was the same. CEOs from cases C and F evidenced the lowest score of 2.75. Each of the results for dimensions of this construct will now be briefly discussed.

**Table 4.3: Summary of CEO demographic profile and individual characteristics**

<b>Case</b>	<b>Founder</b>	<b>Gender</b>	<b>Education</b>	<b>Race</b>	<b>Age</b>	<b>Recognition as Social Entrepreneur</b>	<b>Recognition as South African NPO Opinion leader</b>	<b>Leveraged corporate partners</b>	<b>Leveraged NGO partners</b>	<b>Have high profile business people as board members</b>
A	Yes	Male	Tertiary	Indian	47	Yes	No	Yes	Yes	Yes
B	Yes	Male	Tertiary	Black	>30	Yes	No	Yes	Yes	Yes
C	No	Male	Tertiary	Black	>50	No	Yes	Yes	Yes	Yes
D	Yes	Male	Tertiary	White	68	Yes	No	Yes	Yes	Yes
E	Yes	Male	Tertiary	Indian	>50	No	Yes	No	Yes	No
F	No	Female	Tertiary	White	41	No	No	Yes	Yes	Yes
G	No	Female	Tertiary	Black	>50	No	No	Yes	Yes	Yes
H	Yes	Female	Tertiary	White	>50	No	No	No	Yes	No
I	Yes	Male	Tertiary	White	44	Yes	Yes	Yes	Yes	Yes

Source: Developed for this research

**Table 4.4: Ranking of Case Study CEO Characteristics**

CEO Characteristics					
	Level of Education (LoE)	business skill (BS)	Social Skill (SS)	Entrepreneurial traits (ET)	Average Ranking
Case A	3	5	5	5	4.5
Case B	4	5	3	4	4
Case C	3	3	3	2	2.75
Case D	5	4	5	5	4.75
Case E	4	3	4	2	3.25
Case F	3	3	3	2	2.75
Case G	4	4	4	2	3.5
Case H	3	3	3	3	3
Case I	5	5	5	4	4.75

\*The following acronyms apply: Level of Education – LoE; business Skill – BS; Social Skill - SS ; Entrepreneurial Traits - ET

Source: Developed for this research

**a) Level of Education.** In terms of level and type of education, all the CEOs held tertiary education qualifications in various fields, including journalism (Case A), actuarial science (Case I), business (Case D) and teaching (Case H). CEOs from Cases D and I held doctoral degrees, and CEOs from Cases B, C, E and G held masters degree level. Only two of the nine CEOs, Cases B and D had obtained business degrees.



The CEOs that had the highest score of 5 held doctoral degrees (D and I), while the CEOs that held Masters Degrees obtained a score of 4 (B, E and G). The balance of the CEOs had bachelor degrees and obtained a score of 3 (A, C, F and H).

**b) Business Skill.** The CEOs from the social businesses (A, B, and I) had the highest levels of business skills with a score of 5 each, followed by Case D and G with a score of 4. In terms of career history, all but one of the CEOs (Case B) had more than 10 years experience in their field and demonstrated that they had extensive previous business and management experience. Some CEOs had been promoted into their current position (Case B, C, F and G), while others had created their own businesses based on their previous work experience (Cases A, D, H and I). All of the CEOs had demonstrated business partnerships with other non-profit organisations, however only Cases A and I had collaborated with profit-based businesses and sustained these partnerships over time.

The respondent from Case D described the business skills required as *‘having an idea and a system to implement the ideas’*. The CEOs from the traditional non-profit organisations (E, F and H) had moderate levels of business skill with a score of 3 each. The respondent from Case E commented on the necessity for good business practices *‘South Africa is now competing with the rest of the world in a global society and if we accept poor working quality or poor management styles, poor maintenance measures then we will become a poor country due to a lack of a value system’*. In Case G, also a traditional non-profit organisation, the CEO’s business skill level was higher than the other traditional CEOs as this CEO had not only been promoted into her position, but had also written numerous articles and publications in her field of business and sat on numerous boards.

**c) Social Skill.** Three CEOs demonstrated high levels of social skill (Case A, D and I with a score of 5). This was evidenced by the way in which they demonstrated their ability to engage with business leaders, corporations and other non-profit organisations to further their cause. The CEOs of Cases A and I in particular had been cited in numerous South African media publications for their work and contribution to the communities in which they serve.

This review was undertaken as an internet search under the names of the CEOs and their organisations to establish the number and type of media coverage they had received over a ten year period. The respondent in Case A mentioned that this was done strategically to position themselves, *'what we've done, very strategically we've got media links, we deliberately decided that we would build deep relationships with all the major media players...this gives us millions of Rands worth of media coverage every year. We deliberately did that and got those relationships in place first...once you've got the media you need to have a compelling message'*. These CEOs demonstrated that they had the ability to secure support from corporate sponsors and high profile business people as board members. CEOs from Cases E and G demonstrated moderate to high levels of social skill (a score of 4), both being politically vocal and are well-known opinion leaders in the non-profit sector as evidenced by the number of citings in various publications and websites, the number of books and articles they had written and by their association with political leaders and political parties. CEOs from Cases B, C, F and H demonstrated moderate levels of social skill (a score of 3).

**d) Entrepreneurial Traits.** The CEOs from cases A and D had a high level of entrepreneurial traits with a score of 5, while the CEOs from Cases B and I followed with a score of 4. One CEO from Case H demonstrated a moderate level of entrepreneurial traits with a score of 3. This CEO set up numerous small businesses in order to support the non-profit organisation, however with little success.

The CEOs from the social businesses Cases A, B and I demonstrated innovativeness in the way they acquired resources by setting up profit-based businesses to fund their non-profit organisation, and by leveraging business relationships. The respondent from Case D described entrepreneurial traits as *'drive, passion, enthusiasm, practical implementation of an idea, innovativeness, that these individuals will create a ripple effect...that becomes the wave that becomes the ocean'*. These CEOs also demonstrated their propensity to take calculated risks in their decision-making. The CEOs from the traditional non-profit organisations (C, E, F and G) did not demonstrate these traits at the same level and therefore did not score as highly on entrepreneurial traits.

The CEO Characteristic construct was designed to allow the researcher to determine the style of leadership and management that each CEO would bring to the non-profit organisation they led. In Chapter Two the literature suggested that non-profit CEOs could be classified as either social entrepreneurs or more traditional managers (Alter 2006; Dees 1998; 2001). In this sample of nine CEOs it would appear that this distinction is clearly evident when one examines the traits and characteristics of each.

Those CEOs where there were high levels of entrepreneurial traits (Cases A, D and I), also had high average scores on the overall CEO Characteristic construct. In addition, when one refers back to the discussion in section 4.3 where the cases were classified according to the style of organisation (social enterprise versus traditional non-profit), a possible relationship can be seen. That is, organisations that can be classified as social enterprises also appear to have CEOs that rate highly on the entrepreneurial traits dimension and high on the overall average CEO Characteristic construct.

The only anomaly to this pattern is with Case B, where a relatively high level of entrepreneurial traits (a score of 4) did not translate into a high overall average CEO characteristic measure (an average score of 4 recorded). On closer inspection, this was due to a low score on social skills (a score of 3). Thus, even though Case B was classified as a social enterprise style of operation, its CEO did not rate as highly in terms of social skills and entrepreneurial traits as the other CEOs in this group.

There was little evidence found that this CEO was an opinion leader, nor were they cited in the media. One explanation for this could be due to the fact that this CEO has less than 10 years experience in his career in top management, he has not yet become a well-known figure in the non-profit sector and elevated to the status of his peers as is the case in Cases A and I.

Those cases that were classified as traditional non-profit styles of organisations (C, F & G) and mid-way between non-profit and social business (Cases E & H) had CEOs that demonstrated lower levels of entrepreneurship and in most cases lower levels of business and/or social skills. One anomaly here is Case G where although this CEO had lower levels of entrepreneurship (score of 2), this CEO had higher levels of business and social skills (score of 5, and 4 respectively).

### **General discussion on Case G**

One explanation of this could be that while this CEO has the relevant business and management experience, they had not had previous experience of launching their own business. However, this CEO did get additional points on business and social skill as she is a recognized opinion leader, is influential with the president of the United States, and sits on numerous boards. Thus, as expected, non-profit organisations that are more traditional in their business models tended to be managed by CEOs that demonstrated less entrepreneurial traits than those non-profit organisations that were more commercial and more businesslike in their models of operation.

In summary these results suggest that the dimensions included here in the CEO Characteristic construct are able to be identified in the South African non-profit organisations interviewed here in this study. Further, these dimensions have all been shown in the literature as being important in the determination of how a non-profit organisation will be run and the approach it uses in seeking funds and achieving its social mission.

#### **4.4.2 Type of business model**

As outlined in chapter three, the conceptual definition of a social enterprise business model is an organisation that operates like a business in how it acquires resources. The more commercial an organisation is, the less it relies on philanthropic grants and donations. Based on Dees' (1998) Social Enterprise Spectrum the organisations that are categorized as purely philanthropic have a traditional non-profit organisation business model and are depicted on the far left side of the continuum. In contrast the organisations that have a purely commercial social enterprise business model are depicted on the far right side of the continuum. The profiles provided of each case allow us to position each organisation along the Social Enterprise Spectrum as discussed in Chapter Two (Dees 1998).

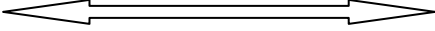
This Spectrum is a continuum that suggests that non-profit organisations can be classified based on how the organisation generates revenue and its relationships with its key stakeholders. The continuum is depicted in Figure 4.1. A non-profit organisation is commercial to the extent that it operates like a business in how it acquires resources. The more commercial an organisation, the less it relies on philanthropic grants and donations. The categorization of the sample organisations are based on this continuum and are depicted in Table 4.5.

Based on this analysis, four of the organisations profiled in this research could be categorised as traditional non-profit organisations that rely solely on donations and philanthropic funding to create a social impact (Cases C, D, F & G). All of these organisations are subsidiaries of a large multi-national organisation and receive funding from overseas offices and foundations. Some of these traditional non-profit organisations also receive funding from international governments.

Three organisations could be categorised as social businesses and two of respondents admitted to conducting their organisation in a ‘business-like’ manner (A, B and I) and they also had commercial activities at the heart of their organisation.

Two cases (E and H) could be categorised as somewhere in the middle of the continuum, between a traditional non-profit and a social business, because even though they sold their products and services in order to generate revenues for their non-profit mission, they did not see themselves as business people, but as passionate individuals who make their contribution to create social value, and as a result experienced limited business growth. The respondent from Case A defined a social business as *‘a social business is a business that trades like any other classic business that you find in the business sector except no profits are disbursed to any private individual, all the proceeds are disbursed to beneficiaries’*.

**Figure 4.1: The Social Enterprise Spectrum**

		Traditional non-profit	Social Enterprise
		(Purely philanthropic)	(Purely commercial)
			
Motives, Methods, and Goals		Appeal to goodwill Appeal to self-interest Mission driven Market driven Social Value Economic value	Mixed Motives Mission and market driven Social and economic value
Key Stakeholders	Beneficiaries	Pay nothing Market-rate prices	Subsidized rates, or mix of full payers and those who pay nothing
	Capital	Donations and Grants Market-rate capital	Below-market capital, or mix of donations and market-rate capital
	Workforces	Volunteers Market-rate compensation	Below-market wages, or mix of Volunteers and fully paid staff
	Suppliers	Make in-kind donations Market-rate prices	Special discounts, or mix of in-kind and full-price donations

Source: Dees (1998) 'Enterprising Nonprofits' Harvard business Review, Jan-Feb 1998, pg 60.

A ranking has been allocated to each case based on their type of business model. In each case, a score of 1 to 5 was allocated, where a score of 1 indicates a purely philanthropic traditional non-profit organisation business model and a score of 5 indicates a purely commercial social enterprise business model. The ranking for each organisation is shown in Table 4.5.

**Table 4.5: Ranking of Case Study: Type of business model**

Case	Ranking	business model categorization
Case A	4	Social Enterprise
Case B	4	Social Enterprise
Case C	1	Traditional non-profit
Case D	2	Traditional non-profit
Case E	3	Mid-way to Social Enterprise
Case F	1	Traditional non-profit
Case G	1	Traditional non-profit
Case H	3	Mid-way to Social Enterprise
Case I	4	Social Enterprise

Source: Developed for this research

In terms of the overall score on the type of business model construct, the cases with the highest score were Cases A, B and I with a score of 4 and a categorization of social enterprise business model. These cases did not get a score of 5 as they are not purely commercial as they still receive grants and donations as a means of generating income. Cases E and H obtained a score of 3 and were categorized mid-way on the continuum as these organisations were generating alternative sources of revenue and were operating like a business, but the respondents in these cases did not recognize that this was the case. The respondent from Case E stated that ‘...giving is a condition of the heart and cannot be matched to a commercial proposition. Why should non-profit organisations change if they still get their donations, they don’t need to do it?’.

Cases C, D, F and G obtained lower scores and were categorized as traditional non-profit organisations that were purely philanthropic. The respondent from Case D stated that, ‘social entrepreneurs inevitably form social enterprise organisations that bring about social change’. This is important to note as a social entrepreneur or entrepreneurial CEO is required before a social enterprise can be established. In summary then it appears that non-profit organisations can be easily classified according to the Dees’ (1998) Spectrum and thus it would appear that this construct has a role in this model.

#### **4.4.3 Market orientation**

As outlined in chapter three, the conceptual definition for market orientation is *‘an integrated, holistic approach to having a customer-centric focus by developing a marketing strategy with action plans to create, deliver, and capture superior customer value while creating and maintaining a sustainable competitive advantage’* (Anderson 1982 p.34).

Also described in chapter three and the conclusion of chapter two, four dimensions were proposed to capture this construct. Namely: external orientation; relationship management; marketing activities; and marketing behaviours. For this analysis, the level of external orientation will be determined by the degree to which the organisation demonstrates its focus on its dual markets (beneficiaries and donors), its competitors and environmental factors.

The level of relationship management was determined based on the degree to which the organisation demonstrates its focus on building and maintaining strong business relationships with its beneficiaries, donors, competitors, corporate sponsors, other non-profit organisations and Government. The level of marketing activities was evidenced through examination of the degree to which the organisation performs the following marketing activities: promotions, advertising, public relations, communications and branding.

The level of marketing behaviours is determined based on the degree to which the organisation gathers business intelligence about: beneficiaries; donors; competition; Government and other non-profit organisations, disseminates this information throughout the organisation and responds to the intelligence to make informed business decisions. In each case a score of 1 to 5 will be allocated for each dimension where a score of 1 indicates little or none of the particular characteristic and a score of 5 indicates a high level of that characteristic. Each of the scores for the dimension is aggregated to achieve a construct score for market orientation.



The numerical allocations for the market orientation construct are shown in Table 4.6. A score of 5 would mean high levels of these dimensions evidenced, a score of 4 would mean a moderate to high level was evidenced and a score of 3 would mean a moderate level was evidenced. Any score below 3 (i.e. a 1 or a 2) would indicate a low or no level of these characteristics was evidenced. A summary of the research responses are found in Appendix C.

**Table 4.6: Ranking of Nine Cases on level of market orientation**

<b>Market orientation</b>					
	<b>External Orientation (EO)</b>	<b>Relationship Management (RM)</b>	<b>Marketing Activities (Act)</b>	<b>Marketing Behaviours (Beh)</b>	<b>Average Ranking</b>
<b>Case A</b>	5	5	4	4	4.5
<b>Case B</b>	4	4	3	3	3.5
<b>Case C</b>	2	4	2	2	2.5
<b>Case D</b>	4	4	2	2	3
<b>Case E</b>	2	3	3	2	2.5
<b>Case F</b>	4	3	3	2	3
<b>Case G</b>	2	2	2	2	2
<b>Case H</b>	3	3	3	3	3
<b>Case I</b>	5	5	4	4	4.5

\*The following acronyms apply: External Orientation – EO; Relationship Management – RM; Marketing Activities – Act; Marketing Behaviours – Beh.

Source: Developed for this research

In terms of the overall market orientation construct, the cases with the highest score were Cases A and I with a score of 4.5 each. The individual dimensions for these cases were the same in that both scored 5 on external orientation and relationship management, and scored 4 for both marketing activities and marketing behaviours. Case B had the next highest score with 3.5 on this construct, followed by Cases D, F and H with a score of 3, Cases C and E with a score of 2.5, and Case G with a score of 2. Each of the dimensions for this construct will now be briefly discussed.

#### **a) External Orientation**

In terms of the extent to which the organisations had demonstrated an external orientation, Cases A and I showed a very high level of external orientation towards both their donor and beneficiary markets with a score of 5.

Cases B, D and F showed a medium to high level of external orientation towards their donor market with a score of 4, and had well prepared marketing materials (brochures) that showcased its vision and mission. Case F showed a high level of focus on the donor market by having a dedicated full time employee driving resource mobilization and by implementing a volunteer management system. However, there was no evidence to suggest that Cases B and F had given a lot of attention to their beneficiary market.

#### **General discussion on Case B**

In Case B the reason for this lack of focus to beneficiaries could be that the students would already need to be enrolled in the university in order to apply for the entrepreneurship programme, and therefore the marketing of this programme may be done on a one-on-one basis with the individual student that takes an interest in the programme. For Case F, the reason for this could be that their beneficiaries were disadvantaged orphan children, and there may not be a need to have to market to this group as they receive their support without having to contribute anything to get their services.

Cases C and H showed a moderate level of external orientation with a score of 3, where Case C had a structured resource mobilization strategy, but other than that there was little evidence to suggest that they had a marketing plan focussed on their beneficiary market. In this case, their beneficiaries would be the recipients of relief during a natural disaster, so again, directing a marketing effort would add little value for their organisation. Case H stated that they had made a concerted effort to reach out to their donor markets, in particular to corporate sponsors, however this had received limited success. This could suggest that this CEO may not have sufficient focus or competence in this area as this CEO also stated that their organisation lacked literate staff members. In terms of the beneficiary market, there is no evidence that marketing was performed to this group, and given that they are bedridden AIDS patients, the need to have a marketing focus to this audience is redundant.

Finally, Case E demonstrated a low level of external orientation towards its donor market, as although this CEO is a well known prominent advocate for human rights, there was no evidence to suggest that there was any formal structured marketing strategy towards either market. Indeed it seemed that the research and training that this organisation provided was on a project basis and was not consistent over the year. There is also less than 5 people in this organisation, which could mean that there are not enough human resources to focus on their dual markets or perform formal marketing activities. When discussing customer orientation, Respondent E had difficulty with the word '*customer*' relating to the non-profit sector and preferred that one refer to customer orientation as '*stakeholder management*'.

## **b) Relationship Management**

Cases A and I were rated the highest for relationship management with a score of 5 as these organisations demonstrated evidence that they had profiled their organisation through building strong relationships with the media, corporate sponsors, other non-profit organisations and high profile individuals.

The respondent from Case A explained, '*very strategically we've got media links, we deliberately decided that we would build deep relationships with all the major media players... we move little slower because we don't have the money in the bank to just go buy R100 millions worth of media. We've spent 10 years building it and we built our compelling message*'.

Case I had an external media relations person appointed to facilitate this task. These organisations, together with Cases B and F, felt it was necessary to market themselves through networking and building personal relationships with the media (Cases A, B, F and I).

Cases B, C and D scored a moderate to high score on relationship management with a score of 4, as these organisations used advocacy and lobbying work to profile their organisations. Cases E, F and H had lower levels of relationship management with a score of 3 as they did not demonstrate evidence of relationship management, even though they did recognize the need to profile themselves in the South African non-profit environment (Cases C, D, E and G). Cases C, F and H made some progress by recently launching a resource mobilization function so that they could actively seek out alternative sources of funding, although it was not a core focus area. Case G had the lowest level of relationship management with a score of 2.

An interesting point to note in Cases A and I, was that the entrepreneurial CEOs (high business skill, social skills and entrepreneurial traits) demonstrated a more aggressive approach to networking and greatly leveraged these relationships. It was also interesting that these cases specifically targeted high profile, international celebrities that are well known in South Africa, like Oprah Winfrey and Richard Branson to align with their organisation. While Cases B and F also performed networking activities, it was not nearly at the same level as Cases A and I, and Cases B and F did not leverage the relationships in the same way. This will be discussed in more detail during the proposition analysis.

When discussing collaborative business partnerships with profit-based businesses, Respondents E, G and H felt that there are '*structural flaws*' when trying to merge these two very different cultures and Respondent E suggested that this type of relationship will always present a cultural mismatch. Respondent A disagreed with this statement and argued that '*relationship marketing is fundamental for the success of any business*'.

### **c) Marketing Activities**

The findings from the cases highlighted that a number of market orientation activities existed, however not all the cases performed the same kind of marketing activities with the same degree of effort and focus.

Cases A and I were ranked highest with a score of 4 for both market activities. Case I was the only organisation that had performance measurement systems in place to manage the marketing effort of their organisation and gather the necessary information that can guide future marketing decisions. Cases B, E, F and H demonstrated moderate levels of marketing activities and obtained a score of 3.

Six of the nine organisations conducted internal and external audits by identifying internal strengths and weaknesses and external opportunities and threats, and then analysed these audits before making strategic decisions (A, B, C, F, H and I). Three organisations used external consultants to perform these audits (C, H and I). Of the nine respondents, only Respondent F conducted environmental and competitive scanning, none conducted market research. The respondent from Case F felt that their marketing practices were not effective as they are dependent on first getting appropriate/sufficient funding before they could plan or conduct any marketing activities. Cases C, D and G demonstrated very little levels of marketing activities, and were therefore each given a score of 2.

### **d) Marketing Behaviours**

Marketing behaviours were assessed based on the degree to which the organisation gathers business intelligence, disseminates this information throughout the organisation, and responds to the intelligence to make informed business decisions. Cases A and I demonstrated high levels of marketing behaviours and obtained a score of 4, followed by Cases B and H with a score of 3. Cases C, D, E, F and G obtained a lower score of 2 for this dimension.

The average ranking for all organisations gives the researcher a view of the level of market orientation evident in these non-profit organisations. In Chapter Two the literature suggested that non-profit organisations that have a high level of market orientation have a more sustainable competitive advantage over their competitors than those with lower levels of market orientation. In this sample of nine non-profit organisations, where one sees high levels of external orientation and relationship management also high scores for the overall market orientation (Cases A, B and I). It can be seen here that another relationship can be identified as the same organisations that were classified as social enterprises and have CEOs that rate highly on the entrepreneurial traits dimension and high on the overall CEO Characteristic construct, also rated highly on the external orientation, relationship management and overall market orientation construct.

The only anomaly to this pattern is with Case D, where a high level of external orientation and relationship management (a score of 4) did not translate into a high overall market orientation measure (a score of 3). One explanation for this result could be due to the fact that this is a traditional non-profit foundation, as opposed to a social business, and therefore it secures its financial resources from grants and donors, and does not require a large focus on its beneficiary markets. Thus it may be for this reason that this organisation did not perform a significant amount of marketing activities nor did it exhibit marketing behaviours at the same level as the other social businesses.

In the cases that were classified as traditional non-profit organisations (C, F and G), these organisations demonstrated lower levels of overall market orientation, in particular in marketing activities and marketing behaviour dimensions. In these organisations, there seemed little benefit to the organisation to market to their beneficiary markets as the beneficiaries do not pay for the services provided. In terms of environmental and competitive scanning, there was no evidence to suggest that these organisations gave focus to these areas, and it is for this reason that these organisations received a low score on this dimension.

In summary then it would seem that the dimensions proposed to capture evidence of market orientation in South African non-profit organisations are appropriate and useful. The type and richness of information that is captured using these dimensions will allow researchers to understand the organisations and their marketing approaches very clearly.

#### **4.4.4 Entrepreneurial culture**

As described in chapter three, the conceptual definition of entrepreneurial culture is the management of the elements of business and marketing strategy in an innovative and pro-active manner, such as: having a market-focused culture; performing customer and competitor analyses; having value-based delivery and channel design infrastructure; ensure consistent pricing structures; a focus on relationship management, brand management, sales and marketing communication.

The level of entrepreneurial culture is determined based on evidence that the organisation demonstrates the following characteristics:

- a) has a dual oriented culture towards its beneficiaries and donors;
- b) is innovative as evidence by the number of product lines or service offerings;
- c) the rate of product and services change or evolution and their research and development activities;
- d) is pro- active, which is illustrated by the number of new techniques adopted, the competitive posture, risk taking propensity, environmental boldness and decision making style; and
- e) has a focus by senior management on goals, creativity systems, rewards, staff input, problem solving culture, entrepreneurial championing and empowerment.

**Table 4.7: Summary of ranking of the nine cases for entrepreneurial culture**

<b>entrepreneurial culture</b>					
	<b>Dual oriented culture (DOC)</b>	<b>Innovativeness (Inn)</b>	<b>Pro-activeness (Pro)</b>	<b>Management's internal influence (MII)</b>	<b>Average ranking</b>
<b>Case A</b>	4	5	4	5	4.5
<b>Case B</b>	3	3	3	4	3.25
<b>Case C</b>	2	1	2	2	1.75
<b>Case D</b>	3	3	3	3	3
<b>Case E</b>	2	2	2	2	2
<b>Case F</b>	3	2	2	3	2.5
<b>Case G</b>	2	1	1	2	1.5
<b>Case H</b>	3	3	3	3	3
<b>Case I</b>	4	4	4	4	4

\*The following acronyms apply: Dual Oriented Culture – DOC; Innovativeness – Inn; Pro-activeness – Pro; Management's internal influence - MII

Source: Developed for this research



In each case a score of 1 to 5 was allocated for each dimension where a score of 1 indicates little or none of the particular characteristics and a score of 5 indicates a high level of that characteristic. Each of the scores for the dimensions was then averaged to achieve an overall average score for entrepreneurial culture. Table 4.7 summarizes the ranking of the nine cases for entrepreneurial culture. A summary of the research responses are found in Appendix C.

In terms of the overall numerical ranking for the entrepreneurial culture construct, the case with the highest score was Case A with a score of 4.5 followed by Case I with a score of 4. Cases C, E, F and G had low scores as there was little evidence found that these organisations had demonstrated a dual oriented culture toward their beneficiaries and donors, or shown innovativeness or pro-activeness. These organisations also did not provide any evidence of being influenced by their management in any specific direction. Each of the dimensions for this construct will now be briefly discussed.

**a) Dual oriented culture.** Three of the nine cases demonstrated a moderate to high level of dual oriented culture (Cases A, D and I) and obtained a score of 4. This was followed by cases B, F and H with moderate level score of 3. Cases C, E and G demonstrated very little dual oriented culture and obtained a score of 2. Cases A and I ranked highly in terms of their level of external orientation which validated their dual market orientation focus, so it is reasonable to expect that these organisations would also demonstrate a high level of dual oriented culture towards their beneficiaries and donor markets. These two organisations have adopted a dual oriented culture by virtue of their interest in raising the visibility of their organisations in these markets and by demonstrating that they have been successful in inculcating this culture throughout their organisation.

In Case D, there is an anomaly, as this organisation is a traditional non-profit and obtained a higher score in this dimension, where the rest of the traditional non-profit organisations scored lower. In this case, the culture of the organisation is focussed on both the beneficiary and the donor market in spite of the style of non-profit organisation that it is.

One explanation of this could be due to the organisation recognizing the value of having a dual market focus so that their beneficiaries can contribute to the organisation's success by elevating the organisation's visibility in the industry by the work that the beneficiary social entrepreneurs do in their respective communities around the world, and this in turn attracts donors.

**b) Innovativeness.** Case A demonstrated the highest level of innovativeness and obtained a score of 5, followed by Case I with a score of 4. Cases B, D and H received a score of 3, followed by Cases C, E, F and G with low scores for innovativeness. Case A demonstrated that they had evolved their product offering over the years from children and youth skill training, to business training and life coaching. The respondent from Case A commented, *'I like to employ social entrepreneurs, encourage people to try a new idea, don't need to get approval from me, if you waste R5000 its ok, in other NGOs if you waste R5 000 you lose your job, you won't here. Because if it happens I'll step in and I'll fix it'*. All these product changes happened over a 10 year period and each offering was stabilized after implementing them over time. Case I demonstrated innovativeness in the way in which the organisation was set up on grants and donations as the 20 storey office building was donated to them, as well as all the IT systems, PCs for students, books and even the lecturers were mainly volunteers. In this way they were able to offer the students 'virtually free' university tuition.

**c) Pro-activeness.** Case A and I scored the highest level of pro-activeness with a score of 4, followed by Cases B, D and H with moderate scores of 3. Cases C, E, F and G scored lower levels for pro-activeness. Cases A and I had demonstrated that they were open to change as both these organisations had significantly grown in size in under a decade. This highlighted the organisation's general high risk taking propensity, as businesses cannot grow if there is a low risk tolerance. In addition to that, both these organisations exhibited a dynamic sense of boldness to do something that is unique that has not been done before, and to create an environment that fosters innovativeness and pro-activeness in the way they operate.

**d) Management's internal influence.** Case A scored the highest with a score of 5 for management's internal influence, followed by Cases B and I each with a score of 4. Cases D, F and H demonstrated moderate levels of management's internal influence with a score of 3, followed by Cases C, E and G with the lowest scores. It was apparent during the interview process that the influence of senior management played a fundamental role in how the organisation's culture was created. The organisation reflected the same values and ideas of the CEOs in Cases A, B and I, there was a sense of empowerment and accountability that emanated throughout the organisation. In organisations A and I there was an 'entrepreneurial spirit' that was evident in the way the staff were given the freedom to come up with new and creative ideas to operate the business or drive growth product or service areas, as stated by the CEO from Case A, *'The first step to being sustainable is to get the right team on board who see themselves as social entrepreneurs. Find ways to deliver value first'*. This was not the case in the organisations that were ranked lower on this dimension (Cases C, E and G). In these organisations, there was an atmosphere of bureaucracy where official procedures and processes were more emphasised than creativity and empowerment.

The entrepreneurial culture construct was designed to allow the researcher to determine the level of dual-oriented culture, innovativeness, pro-activeness and management's internal influence has on a non-profit organisation's culture. In chapter two the literature suggested that a firm may need to change their organisational culture in order to adopt a market orientation (Narver & Slater 1990). In this sample of nine non-profit organisations it would appear that the organisations that have adopted a market orientation (A, B and I) have also demonstrated high levels of entrepreneurial culture.

In reverting back to the organisational classifications, the social enterprise organisations that have CEOs who ranked highly on entrepreneurial traits and high on market orientation also ranked highly on entrepreneurial culture. When there is a low level of entrepreneurial culture in the sample cases, there tends to be a more traditional bureaucratic type of organisational culture, where there is a more hierarchical organisational structure, with many policies and procedures.

These types of organisations adopt a structured, administrative approach to their operational implementation in order to achieve its purpose and mission with the greatest possible efficiency and at the least cost of any resources <<http://www.merriam-webster.com/dictionary/bureaucracy> >.

Cases C, E and G scored low for levels of entrepreneurial culture, and these organisations tended to be more bureaucratic in nature. The respondent from Case D suggested that *‘traditional non-profit organisations try to bring about social transformation and it works limitedly because NGOs then get caught up with bureaucracies of running a big organisation and the politics that come with that’*.

There was one organisation where the culture tended to be more traditional bureaucratic than entrepreneurial, yet the CEO admitted to not having any documented company policies and procedures (Case H), and the reason for this was that there were not enough skilled employees to finalize these documents. Two respondents (Case G and D) in this category recognized their organisation’s limitations and admitted that there was a need to change the traditional non-profit mindset and structure their organisation differently by following the commercial approaches that other non-profits have adopted.

In summary the dimensions proposed to capture the construct of entrepreneurial culture appear to be appropriate and provide a rich set of information about how the non-profit organisations in this study are structured.

#### **4.4.5 Organisational performance**

As discussed in chapter three, the conceptual definition of organisational performance is how an organisation achieves the outcomes it intends to produce, and the degree to which the organisation collects sufficient revenues from sale of its products and/or services to cover the full costs of its operations and maintain this result year on year (Haughland, Myrtveit & Nygaard 2007).

The organisational performance construct is comprised of three dimensions: social impact; peer reputation; and resources. The level of social impact was assessed based on the evidence of the degree to which each organisation had achieved a social impact. The level of peer reputation was based on the evidence of how each organisation is perceived in the industry, its visibility, integrity and trustworthiness based on an internet research that was conducted where numerous media publications were reviewed. The level of resources was based on the extent to which the organisation acquired human and financial resources as evidenced by the annual growth of the organisation in revenue, social impact and number of employees. A score of 1 to 5 was allocated for each dimension where a score of 1 indicates little or none of the particular dimension and a score of 5 indicates a high level of that dimension. Each of the scores for the dimension were then averaged to achieve a total score for organisational performance. The nine cases were ranked according to the measurement criteria discussed in section 4.4. Table 4.8 outlines the rankings.

**Table 4.8: Summary of rankings of organisational performance for each case study**

<b>Organisational performance</b>				
	<b>Social Impact (SI)</b>	<b>Peer Reputation (PR)</b>	<b>Resources (Res)</b>	<b>Average Ranking</b>
<b>Case A</b>	5	4	5	4.6
<b>Case B</b>	4	4	4	4
<b>Case C</b>	4	3	3	3.3
<b>Case D</b>	4	4	4	4
<b>Case E</b>	4	3	3	3.3
<b>Case F</b>	4	3	3	3.3
<b>Case G</b>	4	3	3	3.3
<b>Case H</b>	3	3	3	3
<b>Case I</b>	5	5	5	5

\*The following acronyms apply: Social Impact – SI; Peer Reputation – PR;

Resources - Res

Source: Developed for this research

In terms of the overall average score on the organisational performance construct, the case with the highest score was Case I with a score of 5. Case A followed with a score of 4.6, having obtained a score of 4 for peer reputation. One explanation for this could be that this organisation is operated at a local level with 3 campuses in one region and as a result is not known at a national level. Case I is also based in the one region, but has received national awareness due to the unique nature of the institution in that it is a ‘virtually free’ university, the first of its kind in South Africa. Cases B and D demonstrated a moderate to high level of organisational performance with a score of 4. Cases C, E, F, G and H had moderate levels of organisational performance and had average scores of 3 each. Each of the dimensions for this construct will now be briefly discussed.

### **a) Social Impact**

Cases A and I were ranked the highest for this dimension with a score of 5, followed by Cases B, C, D, E, F and G with a score of 4. Case H had a moderate level ranking for organisational performance and obtained a score of 3. In all nine cases the organisations can quantify their social impact, and confirmed that they had achieved their organisation's mission, goals and objectives within the past three years. Of those, Cases A, F and I confirmed that they had exceeded their goals and objectives within the same period. Only one case (Case H) admitted that their organisation was heading for financial trouble due to funding shortages, however at the moment, they were still able to make a social contribution to the community.

### **b) Peer reputation**

The peer reputation rankings were established based on the number and type of citations of the non-profit organisation or their CEO in various media publications. This evaluation determined whether or not the organisation had visibility within the industry and had created awareness towards the general public on a regional or national level. Case I had the highest level of peer reputation with a score of 5, followed by Cases A, B and D with a score of 4 each. Cases C, E, F, G and H have moderate levels of peer reputation with a score of 3. Cases A, B, D, F and I had done a lot of work to raise their profile and create awareness for their cause, including recruiting influential volunteers. Cases A and I recruited international celebrities to support their organisation, and because of this, these two organisations were cited on numerous occasions in the media. Six of the nine cases had CEOs that had received awards and various accolades for their social change work (A, B, D, E, G and I). Five of these organisations were well recognized on a national level within the industry (C, D, E, G and I) and all of the cases had a reputable name in the industry.

### **c) Resource Acquisition**

Cases A and I ranked the highest for this dimension with a score of 5, followed by Cases B and D with a score of 4. The rest of the cases were ranked with a score of 3 (Case C, E, F, G and H). In terms of resource acquisition, six cases had alternative methods of generating income to ensure sustainability (A, B, E, F, H and I), and four cases had a full time employee dedicated to resource mobilization (C, F, H and I). It is interesting to point out that the two social enterprise organisations, Case A and I had realized substantial growth in the past 5 years, and had expanded their organisation to more than one branch. Cases A, B, H and I had set up profit-based businesses to fund their non-profit organisations, and Cases A, F, H and I had approached South African corporations for sponsorships and donations. It is interesting that none of the nine cases rely on the South African government for funding, and eight of the nine cases rely on international donors and foundations for funding (B, C, D, E, F, G, H and I).

In summary the dimensions that were proposed to capture the organisational performance construct for South African non-profit organisations appears to be robust and appropriate in its ability to reflect the capability of these organisations to achieve their social mission.

Now that each of the constructs in the model have been described, each of the research propositions will be addressed in turn before finally allowing an answer to the research question of, **‘How is the model of antecedents and consequences of market orientation impacted by business and cultural contexts in the case of South African non-profit organisations?’**.



## 4.5 Research Propositions

Four research propositions have been developed for this study in order to address the research question as stated above.

**Table 4.9: Research propositions for this study**

<b>RP 1</b>	The individual characteristics of the CEO is an antecedent of market orientation in the non-profit South African business context.
<b>RP 2</b>	The type of business model adopted by the organisation is an antecedent of market orientation in the non-profit South African business context.
<b>RP 3</b>	Entrepreneurial culture moderates the relationship between the antecedent constructs of CEO characteristics and type of business model and market orientation in the non-profit South African business context.
<b>RP 4</b>	Organisational performance is a consequence of market orientation in the non-profit South African business context.

Source: Developed for this study

In order to address these research propositions, an analysis of the data was performed. Below is a summary of the findings for each proposition.

**Research Proposition 1:** The individual characteristics of the CEO is an antecedent of market orientation in the non-profit South African business context. The analysis supports the proposition that the characteristics of the CEO as specified by the dimensions proposed in this study appear to act as useful antecedents of market orientation in the South African non-profit context.

**Table 4.10 Matrix of Constructs: CEO characteristics and market orientation**

	CEO Characteristics				Market orientation				Delta
<b>Case A</b>	<b>4.5</b>				<b>4.5</b>				<b>0</b>
	LoE*	BS	SS	ET	EO	RM	Act	Beh	
	3	5	5	5	5	5	4	4	
<b>Case B</b>	<b>4</b>				<b>3.5</b>				<b>-0.5</b>
	4	5	3	4	4	4	3	3	
<b>Case C</b>	<b>2.75</b>				<b>2.5</b>				<b>-0.25</b>
	3	3	3	2	2	4	2	2	
<b>Case D</b>	<b>4.75</b>				<b>3.5</b>				<b>-1.25</b>
	5	4	5	5	4	4	3	3	
<b>Case E</b>	<b>3.25</b>				<b>2.5</b>				<b>-0.75</b>
	4	3	4	2	2	3	3	2	
<b>Case F</b>	<b>2.75</b>				<b>3</b>				<b>+0.25</b>
	3	3	3	2	4	3	3	2	
<b>Case G</b>	<b>4</b>				<b>2</b>				<b>-2</b>
	5	4	4	2	2	2	2	2	
<b>Case H</b>	<b>3</b>				<b>3</b>				<b>0</b>
	3	3	3	3	3	3	3	3	
<b>Case I</b>	<b>4.75</b>				<b>4.5</b>				<b>-0.25</b>
	5	5	5	4	5	5	4	4	

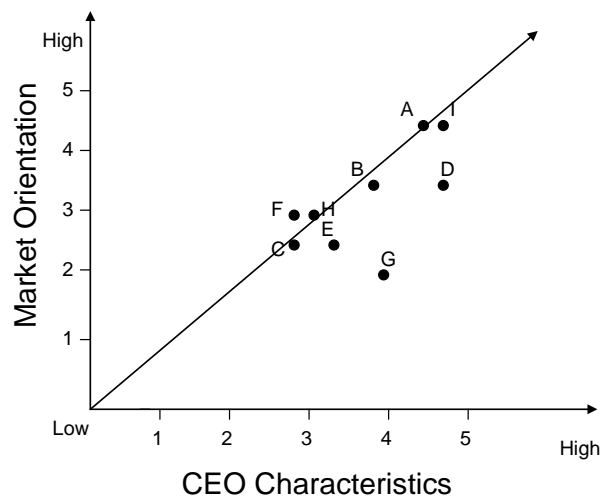
\*The following acronyms apply: LoE - Level of Education, BS - business skill, SS - social skill and ET - entrepreneurial traits, EO – external orientation, RM – relationship management, Act-Activities, Beh-Behaviours

Source: Developed for this research

The data displayed in Table 4.10 indicates that Cases A and I were ranked the highest for the market orientation construct with a score of 4.5 each, followed by Cases B and D with a score of 3.5 each. Cases F and H scored 3, followed by Cases C and E with a score of 2.5 each and Case G rated the lowest with a score of 2. In terms of the CEO characteristics construct, Cases D and I were rated the highest with a score of 4.75 each, followed by Case A with a score of 4.5. Cases B and G scored 4, followed by Case E with a score of 3.25, Case H with a score of 3 and Cases C and F rated the lowest with a score of 2.75 each. When comparing the scores between the CEO characteristics and market orientation constructs for each case, two cases (A and H), had the same rankings for both constructs, one case had a higher ranking for market orientation than for CEO characteristics (Case F), and the other six cases had lower rankings for market orientation than for CEO characteristics (ranging from -0.25 to -2).

Cases D and G had the highest differences between the criteria being -1,25 and -2 respectively and therefore were considered as having the weakest relationship between the two constructs. This relationship between the constructs were considered the strongest where both constructs had high scores, as in Cases A and I. Figure 4.2 provides a graphical representation of the relationship between the two constructs.

**Figure 4.2: Graphical representation of relationship between CEO characteristics and Market Orientation**



Source: Developed for this research

Therefore, where there was a high score for CEO characteristics there was also a correspondingly greater likelihood that a market orientation would be adopted by that organisation and visa versa. Two cases (D and G) indicated the weakest evidence of this relationship, and indeed the relationship indicated in these cases was reversed. That is there was a relatively high score for CEO characteristics but those organisations showed little evidence of a substantial adoption of a market orientation. The possible reasons for this discrepancy will be discussed below.

In Case D, the CEO is a recognized social entrepreneur who demonstrated a high level of entrepreneurial CEO characteristics, with scores of 5 for level of education, social skill and entrepreneurial traits, and a score of 4 for business skill. However, whilst the CEO scored well on these characteristics, this organisation was established as a traditional non-profit foundation where grants and donations are its main source of income. This orientation has resulted in less capacity and resources to conduct marketing activities in spite of the CEO's ability to deliver this capability.

Other traditional non-profit organisations (B, C, E, F, G & H) also scored quite low on the market orientation measure. Thus in the case of organisation D, the performance of the organisation in terms of market orientation was consistent with the style of organisation (traditional non-profit) but the individual characteristics of the CEO were not sufficient to change both the business model and the ability to be market orientated.

In Case G, the CEO had obtained a level of 4 for level of education, business skill and social skill, and a moderate level score of 3 for entrepreneurial traits. Cases C, E, F and H also scored moderate to low levels in entrepreneurial traits. The same four cases also had lower overall market orientation scores. This suggests that there may be a stronger relationship between the level of entrepreneurial traits of non-profit CEOs and the likelihood of them adopting a market orientation than with the other CEO characteristic dimensions measured in this study.

Upon further analysis into the dimensions of the CEO characteristics and market orientation constructs, two patterns emerged. Firstly, it is evident that in the cases where the CEO obtained a low score for entrepreneurial traits (C, E, F and H) they also showed a lower level of business skills and visa versa. What this might indicate is that although the existence of entrepreneurial traits in a CEO may be more important in predicting their likelihood of adoption of market orientation, the CEO also needs a complimentary level of business skill in order to 'successfully' implement a market orientation. Secondly, in the cases where there were high scores for the social skill dimension of CEO characteristics (Cases A, D and I), the same cases also evidenced high scores for the relationship management dimension of the market orientation construct. This suggests that there may be a relationship between the level of social skills of the CEO in a non-profit organisation and the likelihood that they will be strong in implementing a relationship management approach in their organisation.

The next section will review the findings that address the second research proposition.

**Research Proposition 2:** The type of business model adopted by the organisation is an antecedent of market orientation in the non-profit South African business context. The analysis supports the proposition that the type of business model acts as an antecedent to market orientation in the South African non-profit context.

The data displayed in Table 4.11 highlights that Cases A, B and I scored the highest for type of business model (4 each), with Cases E and H with a score of 3, Case D with a score of 2 and Cases C, F and G with a score of 1. When comparing the scores between the two constructs, type of business model characteristics and market orientation, one case (Case H), had the same ranking for both constructs, six cases (A, C, D, F G and H) had a higher ranking for market orientation than for type of business model (ranging from +0.5 to +2.5). and the other two cases (B and E) had lower rankings for market orientation than for CEO characteristics (both had delta of -0.5).

**Table 4.11: Matrix of rankings of Constructs: Social Enterprise business model and market orientation**

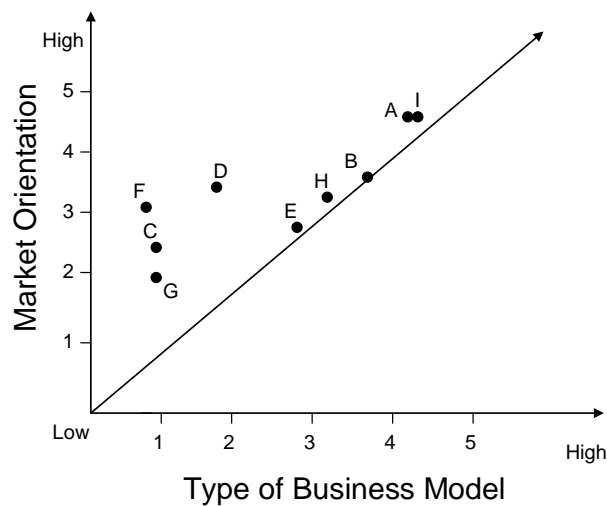
	<b>Type of business model</b>	<b>Market Orientation</b>				<b>Delta</b>
<b>Case A</b>	<b>4</b>	<b>4.5</b>				<b>+0.5</b>
		5	5	4	4	
<b>Case B</b>	<b>4</b>	<b>3.5</b>				<b>-0.5</b>
		4	4	3	3	
<b>Case C</b>	<b>1</b>	<b>2.5</b>				<b>+1.5</b>
		2	4	2	2	
<b>Case D</b>	<b>2</b>	<b>3.5</b>				<b>+1.5</b>
		4	4	3	3	
<b>Case E</b>	<b>3</b>	<b>2.5</b>				<b>-0.5</b>
		2	3	3	2	
<b>Case F</b>	<b>1</b>	<b>3</b>				<b>+2</b>
		4	3	3	2	
<b>Case G</b>	<b>1</b>	<b>2</b>				<b>+1</b>
		2	2	2	2	
<b>Case H</b>	<b>3</b>	<b>3</b>				<b>0</b>
		3	3	3	3	
<b>Case I</b>	<b>4</b>	<b>4.5</b>				<b>+0.5</b>
		5	5	4	4	

\*The following acronyms apply: EO – external orientation, RM – relationship management, Act-Activities, Beh-Behaviours (Source: Developed for this research)

Cases C, D and F had low scores for the type of business model construct (1, 2 and 1 respectively) and had the highest differences between the constructs being +1.5. +1.5 and +2 respectively, and were therefore considered as having the weakest relationship between the two constructs.

This relationship between the constructs were considered the strongest where both constructs had high scores and had relatively small deltas between the constructs, as in Cases A, B and I. Figure 4.3 provides a graphical representation of the relationship between the two constructs.

**Figure 4.3 Graphical representation of relationship between type of business model and market orientation constructs**



Source: Developed for this research

Evidence from this research indicates that in the cases where the organisation could be classified as having adopted a social enterprise business model, there was also evidence that the organisation had adopted a high degree of market orientation and visa versa. This was noted in seven of the nine cases.

Two cases (D and F) did not provide evidence of this relationship, as in both cases, while the organisation had not adopted a social enterprise (scored 2 and 1 respectively), they had moderate scores for market orientation (scored 3.5 and 3 respectively). The possible reasons for this discrepancy will be discussed further. Table 4.11 is a matrix that shows the ranking of each construct.

In Cases D and F these organisations were established as traditional non-profit organisations where grants and donations are its main source of revenue, and they did not have any reason to become more commercial in their business models. However, whilst these organisations remained purely philanthropic (traditional non-profit organisations), they demonstrated some evidence of the adoption of a market orientation. In both cases they showed considerable evidence of an external orientation and good external relationship management, and they exhibited some marketing activities and marketing behaviours. So, even though these organisations remained with a traditional non-profit organisation business model, they did indicate evidence of embracing a market orientation through their external focus and through the building of relationships with key stakeholders.

Table 4.12 shows the antecedent constructs and market orientation to highlight the pattern of relationships between these constructs. The next section will review the findings that address the third research proposition.



**Table 4.12: Matrix of antecedents of market orientation in South African non-profit organisations.**

	Type of business model	CEO Characteristics				Market orientation			
<b>Case A</b>	<b>4</b>	<b>4.5</b>				<b>4.5</b>			
		3	5	5	5	5	5	4	4
<b>Case B</b>	<b>4</b>	<b>4</b>				<b>3.5</b>			
		4	5	3	4	4	4	3	3
<b>Case C</b>	<b>1</b>	<b>2.75</b>				<b>2.5</b>			
		3	3	3	2	2	4	2	2
<b>Case D</b>	<b>2</b>	<b>4.75</b>				<b>3.5</b>			
		5	4	5	5	4	4	3	3
<b>Case E</b>	<b>3</b>	<b>3.25</b>				<b>2.5</b>			
		4	3	4	2	2	3	3	2
<b>Case F</b>	<b>1</b>	<b>2.75</b>				<b>3</b>			
		3	3	3	2	4	3	3	2
<b>Case G</b>	<b>1</b>	<b>3.5</b>				<b>2</b>			
		5	4	4	2	2	2	2	2
<b>Case H</b>	<b>3</b>	<b>3</b>				<b>3</b>			
		3	3	3	3	3	3	3	3
<b>Case I</b>	<b>4</b>	<b>4.75</b>				<b>4.5</b>			
		5	5	5	4	5	5	4	4

Source: Developed for this research

**Research Proposition 3:** Entrepreneurial culture moderates the relationship between the antecedent constructs of CEO characteristics and type of business model and market orientation in the non-profit South African business context. This proposition is supported with the evidence indicating that the existence of an entrepreneurial culture enhances the degree of adoption of market orientation in South African non-profit organisations.

It has already been established in the previous propositions that the individual characteristics of the non-profit CEOs and the type of business model adopted by them are good antecedents for market orientation. In this proposition, an analysis of the data was performed to establish whether there is a relationship between entrepreneurial culture and market orientation in these non-profit organisations. Table 4.13 depicts the matrix of construct rankings, entrepreneurial culture and market orientation.

The data displayed in Table 4.13 highlights that Case A rated the highest for the entrepreneurial culture construct with a score of 4.5, followed by Case I with a score of 4 and Case B with a score of 3.25. Cases D and H were rated with a score of 3 each, followed by Case F with a score of 2.5, Case E with a score of 2, Case C with a score of 1.75 and Case G with the lowest score of 1.5.

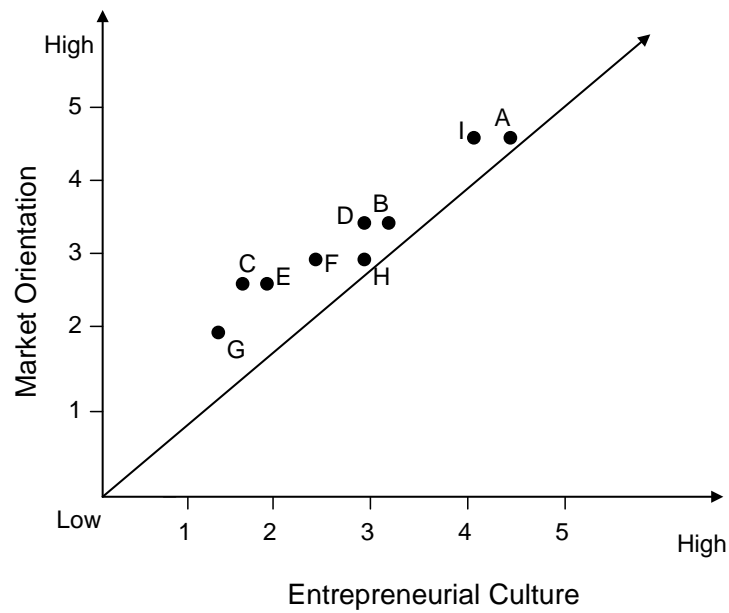
When comparing the scores between the two constructs, entrepreneurial culture and market orientation, Cases A and H had the same ranking for both constructs and the remaining seven cases had a higher ranking for market orientation than for entrepreneurial culture (ranging from +0.25 to +0.75). This would suggest that there may be a relationship between entrepreneurial culture and market orientation such that where a non-profit organisation exhibits evidence of an entrepreneurial culture there will also be evidence that they have adopted a market orientation.

These two constructs appear to be related, however there is no additional evidence found in the data analysis that provides further insight into the type of relationship.

A second examination of the raw data was performed in order to identify whether any patterns emerged in the data, however none was identified, therefore, future research would be required to quantify the constructs in order to understand the relationship in more detail.

Figure 4.4 provides a graphical representation of the relationship between the entrepreneurial culture and market orientation construct. The next section will review the findings that address the fourth research proposition.

**Figure 4.4: Graphical representation of the relationship between the entrepreneurial culture and market orientation construct**



Source: Developed for this research

**Table 4.13: Matrix of rankings of constructs: entrepreneurial culture and market orientation**

	Entrepreneurial Culture				Market orientation				Delta
<b>Case A</b>	<b>4.5</b>				<b>4.5</b>				<b>0</b>
	DOC* 4	Inn 5	Pro 4	MII 5	EO 5	RM 5	Act 4	Beh 4	
<b>Case B</b>	<b>3.25</b>				<b>3.5</b>				<b>+0.25</b>
	3	3	3	4	4	4	3	3	
<b>Case C</b>	<b>1.75</b>				<b>2.5</b>				<b>+0.75</b>
	2	1	2	2	2	4	2	2	
<b>Case D</b>	<b>3</b>				<b>3.5</b>				<b>+0.5</b>
	3	3	3	3	4	4	3	3	
<b>Case E</b>	<b>2</b>				<b>2.5</b>				<b>+0.5</b>
	2	2	2	2	2	3	3	2	
<b>Case F</b>	<b>2.5</b>				<b>3</b>				<b>+0,5</b>
	3	2	2	3	4	3	3	2	
<b>Case G</b>	<b>1.5</b>				<b>2</b>				<b>+0.5</b>
	2	1	1	2	2	2	2	2	
<b>Case H</b>	<b>3</b>				<b>3</b>				<b>0</b>
	3	3	3	3	3	3	3	3	
<b>Case I</b>	<b>4</b>				<b>4.5</b>				<b>+0.5</b>
	4	4	4	5	5	5	4	4	

\*The following acronyms apply: DOC- dual oriented culture, Inn – Innovativeness, Pro – Pro-activeness, MII – Management’s internal influence, EO – External Orientation, RM – Relationship Management, Act – Activities, Beh – Behaviours.

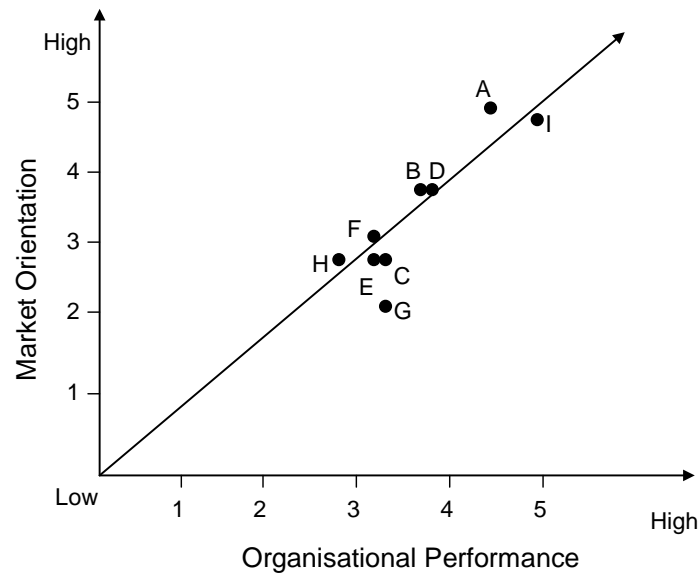
Source: Developed for this research

**Research Proposition 4:** Organisational performance is a consequence of market orientation in the non-profit South African business context. This proposition is supported with evidence from this study that firms which had adopted a market orientation also demonstrated higher levels of organisational performance than those that did not adopt a market orientation.

The analysis supports the proposed relationship between market orientation and organisational performance such that in most cases where these organisations indicated evidence of the adoption of some level of market orientation they also indicated evidence of superior organisational performance. Table 4.14 presents this information.

The data displayed in Table 4.14 highlights that Case I rated the highest for the organisational performance construct with a score of 5, followed by Case A with a score of 4.6, Cases B and D with a score of 4 each and Cases C, E, F and G with a score of 3.3 each. Case H was rated with the lowest score of 3. When comparing the scores between the two constructs, organisational performance and market orientation, Case H had the same ranking for both constructs and the remaining eight cases had lower rankings for market orientation than for organisational performance (ranging from -0.1 to -1.3). The results of this study provided evidence that the adoption of a market orientation had an alignment with the evidence of good organisational performance. In the cases where there were low scores for market orientation the scores allocated for organisational performance were not correspondingly low as would be expected (Case C, E and G). This result would suggest that the adoption of market orientation, even if only in a minor way, has benefits for organisational performance for non-profit organisations. A graphical representation of the relationship between organisational performance and market orientation constructs is illustrated in Figure 4.5.

**Figure 4.5: Graphical representation of the relationship between organisational performance and market orientation constructs**



Source: Developed for this research

In this sample of South African non-profit organisations, none were found to have no aspects of market orientation which in itself is an interesting finding (the lowest score was a 2.5).

This suggests that some of the activities inherent in the implementation of a market orientation (specifically in this study, relationship management) are so critical to the ongoing existence of these non-profit organisations that they are engaging in these activities without necessarily embracing the marketing concept or consciously structuring their organisations to facilitate this approach.

Some additional interesting patterns of relationships are suggested when we examine the information provided from all the cases for all the constructs in this proposed model. Table 4.15 presents this information.

**Table 4.14: Matrix of the constructs market orientation and organisational performance**

	Market orientation				Organisational performance			Delta
<b>Case A</b>	<b>4.5</b>				<b>4.6</b>			<b>-0.1</b>
	5	5	4	4	5	4	5	
<b>Case B</b>	<b>3.5</b>				<b>4</b>			<b>-0.5</b>
	4	4	3	3	4	4	4	
<b>Case C</b>	<b>2.5</b>				<b>3.3</b>			<b>-0.8</b>
	2	4	2	2	4	3	3	
<b>Case D</b>	<b>3.5</b>				<b>4</b>			<b>-0.5</b>
	4	4	3	3	4	4	4	
<b>Case E</b>	<b>2.5</b>				<b>3.3</b>			<b>-0.8</b>
	2	3	3	2	4	3	3	
<b>Case F</b>	<b>3</b>				<b>3.3</b>			<b>-0.3</b>
	4	3	3	2	4	3	3	
<b>Case G</b>	<b>2</b>				<b>3.3</b>			<b>-1.3</b>
	2	2	2	2	4	3	3	
<b>Case H</b>	<b>3</b>				<b>3</b>			<b>0</b>
	3	3	3	3	3	3	3	
<b>Case I</b>	<b>4.5</b>				<b>5</b>			<b>-0.5</b>
	5	5	4	4	5	5	5	

Source: Developed for this research

Table 4.15 indicates that where there are high scores for the individual CEO characteristics there would also be correspondingly greater likelihood that a social enterprise business model would be prevalent. This relationship was evidenced in eight of the nine cases. The respondent from Case A referred to their organisation as ‘...a social business as we prefer to refer to it, we don’t like referring to ourselves as a charity, I specifically hate that word because we are in the business of developing and championing mentality’.

Whilst there was no relationship proposed in this research between these two constructs, this data provides support for further empirical investigation of the interrelationships between these two antecedent variables in a model of market orientation. Further investigation of the results also suggested that CEOs with strong entrepreneurial traits in particular, returned better organisational performance results than those CEOs with weaker traits. Once again this result needs further investigation and quantifying through future research.

To summarize, these results have indicated that the individual characteristics of the non-profit CEO and the type of business model of the organisation may provide good surrogate indicators of the likelihood for them to adopt a market orientation. Further, that the existence of an entrepreneurial culture in their organisations enhances the degree of market orientation adopted by those organisations. The fact that firms with little or no entrepreneurial culture still evidenced some degree of market orientation also provides support for the placement of this construct as a moderator in this model. Finally, in all cases organisational performance was shown to be enhanced where market orientation was embraced by the firm confirming support for the placement of organisational performance as a consequence in this model.

In all cases the dimensions suggested to capture the constructs in the theoretical model provided data that allowed the researcher to collect evidence that was rich in nature and appropriate to be able to investigate the phenomena of antecedents and consequences of market orientation in South African non-profit firms. Whilst the data provided here does not allow us to determine the strength or direction of the relationships evidenced in these results it would appear that the information gathered from this sample of South African non-profit organisations provides a level of support for the theoretical model proposed at the conclusion of chapter two. This model is restated in Figure 4.3.

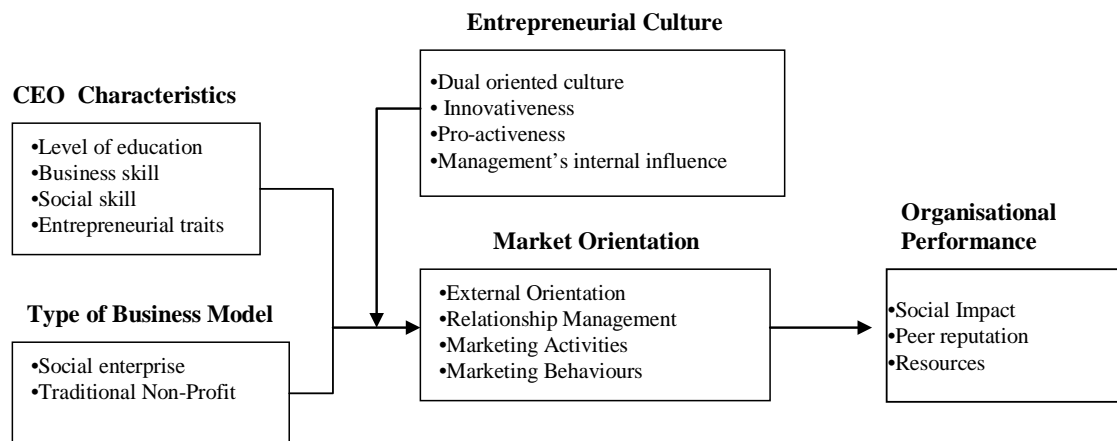


**Table 4.15: Matrix of rankings of Constructs: CEO characteristics, market orientation, entrepreneurial culture and organisational performance**

	Type of business model	CEO Characteristics				Market Orientation				Entrepreneurial Culture				Organisational Performance		
<b>Case A</b>	<b>4</b>	<b>4.5</b>				<b>4.5</b>				<b>4.5</b>				<b>4.6</b>		
		3	5	5	5	5	5	4	4	4	5	4	5	5	4	5
<b>Case B</b>	<b>4</b>	<b>4</b>				<b>3.5</b>				<b>3.25</b>				<b>4</b>		
		4	5	3	4	4	4	3	3	3	3	3	4	4	4	4
<b>Case C</b>	<b>1</b>	<b>2.75</b>				<b>2.5</b>				<b>1.75</b>				<b>3.3</b>		
		3	3	3	2	2	4	2	2	2	1	2	2	4	3	3
<b>Case D</b>	<b>2</b>	<b>4.75</b>				<b>3.5</b>				<b>3</b>				<b>4</b>		
		5	4	5	5	4	4	3	3	3	3	3	3	4	4	4
<b>Case E</b>	<b>3</b>	<b>3.25</b>				<b>2.5</b>				<b>2</b>				<b>3.3</b>		
		4	3	4	2	2	3	3	2	2	2	2	2	4	3	3
<b>Case F</b>	<b>1</b>	<b>2.75</b>				<b>3</b>				<b>2.5</b>				<b>3.3</b>		
		3	3	3	2	4	3	3	2	3	2	2	3	4	3	3
<b>Case G</b>	<b>1</b>	<b>3.5</b>				<b>2</b>				<b>1.5</b>				<b>3.3</b>		
		4	4	4	2	2	2	2	2	2	1	1	2	4	3	3
<b>Case H</b>	<b>3</b>	<b>3</b>				<b>3</b>				<b>3</b>				<b>3</b>		
		3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
<b>Case I</b>	<b>4</b>	<b>4.75</b>				<b>4.5</b>				<b>4</b>				<b>5</b>		
		5	5	5	4	5	5	4	4	4	4	4	4	5	5	5

Source: Developed for this research

**Figure 4.3: Final Theoretical model of antecedents and consequences for market orientation in a non-profit South African context.**



Source: developed for this research

The data collected in this study allowed the researcher to address the Research Question of, ‘**How is the model of antecedents and consequences of market orientation impacted by business and cultural contexts in the case of South African non-profit organisations?**’. It would appear from this sample of non-profit South African organisations that the general structural elements of the model of antecedents and consequences of market orientation is consistent with the original model proposed by Jaworski and Kohli (1993), in that antecedents and consequences to market orientation can be measured and identified. This research has found evidence that for non-profit organisations, an additional construct (entrepreneurial culture) is an important moderator of the relationship between the antecedents and market orientation and this differs from the original model proposed by Jaworski and Kohli (1993).

Jaworski and Kohli’s (1993) original model suggested that antecedents of market orientation included elements of the Individual CEO or top management, elements relating to organisational structure and how the organisation was managed (business philosophy).

Whilst the essential integrity of these antecedents has been maintained in this study in terms of their general nature, the actual dimensions and the nomenclature of the constructs was proposed as being different in this context of South African non-profit organisations. By adapting Jaworski and Kohli's (1993) model with the modified constructs and dimensions in this study, the revised model appears to capture the nuances and issues inherent in the business and cultural contexts, more fully than would the original model. More specifically, if the original antecedents: top management, inter-departmental dynamics, organisational systems had been used in this study the data would not have uncovered the richness of information found between the variables in this study.

By modifying the variables in such a way to further investigate the characteristics of the CEO, it provided more richness and understanding of the non-profit organisation's internal environment. This includes how the CEOs drive and manage innovation within their organisation when it comes to new ideas and concepts and alternative revenue generating methods, how they focus on both their donor and beneficiary markets and create awareness towards their external environment through relationship management practices like networking, lobbying and business partnerships. It also highlighted the importance that the entrepreneurial CEOs gave to the adoption of a market orientation within their organisation particularly in relation to instituting various marketing activities and demonstrating marketing behaviours that help with decision making processes.

Had the original model been used, the research would have given some insight into the emphasis that non-profit CEOs gave to market orientation and their level of risk aversion, and this would have alluded to the CEOs entrepreneurial traits, but it would not have actually captured it in the true sense.

To summarize, this research study has indicated that:

- a) When entrepreneurial traits and good business and social skills of a CEO are evident and a social enterprise business model is implemented, it is more likely that the non-profit organisation will adopt a market orientation.
- b) That the existence of an entrepreneurial culture will facilitate the adoption of market orientation.
- c) The organisations that evidenced a market orientation and an entrepreneurial culture also were more likely to have sustained success in terms of their organisational performance.

## **4.6 Conclusion**

This chapter has reported on the case study research conducted regarding the relationship between the individual characteristics of the non-profit CEO, Type of business model, market orientation, entrepreneurial culture and organisational performance in South African non-profit organisations. The summary of the findings were presented and the implications for the theoretical model were discussed. The final research findings showed support for the previous model in section 2.7. The final conclusion chapter will be discussed next.

## **5 Chapter Five - Discussion and Conclusion**

### **5.1 Introduction**

This chapter presents the conclusions and implications of the research findings based on the Research Question, **‘How is the model of antecedents and consequences of market orientation impacted by business and cultural contexts in the case of South African non-profit organisations?’**

This chapter comprises seven sections. The introduction (section 5.1) summarizes the four previous chapters of this study. Conclusions about the four research propositions are drawn in section 5.2, followed by conclusions about the research question (section 5.3). The section on contribution of research to theory and practice (section 5.4) presents the theoretical contributions and managerial implications of this research. Limitations of the study and directions for future research are discussed in sections 5.5 and 5.6 respectively. The final section (section 5.7) is the overall conclusion of this research study.

Chapter one set the scene for this research by providing the background and justification for the research and discussed the contribution that this research would make to the current body of academic knowledge as well as managerial contributions. The methodology for this research was presented, followed by the outline of the dissertation, definitions and delimitations of this study. Chapter two reviewed and synthesized the existing literature relevant to the research propositions and focused on market orientation, entrepreneurial culture, and organisational performance in non-profit organisations, the social enterprise business model, the social entrepreneur and these components in the Sub-Saharan African context. From this literature a preliminary theoretical model was developed to be tested in the next stage of the research process.

Chapter three justified the proposed research methodology which was embedded in a realism paradigm using a case study method. The chapter then outlined the research design and in-depth interview protocols. This was followed by a discussion of the

data collection procedures, data analysis methods and operational definitions. Lastly, the limitations of the research and ethical considerations were covered. Chapter four presented the results of the data analysis which were examined based on the following constructs: Type of business model, CEO characteristics, market orientation, entrepreneurial culture and organisational performance. The data was analysed based on the four research propositions proposed in chapter two. This chapter provided the basis from which conclusions and implications could be drawn in the final chapter.

This final chapter concludes the research study by comparing the literature in chapter two with the data analysis findings in chapter four in relation to the four research propositions. This chapter also outlines the contributions of the research to theory and practice. Chapter five will then provide a discussion of the limitations of this research, and concludes with recommendations for further research.

## **5.2 Conclusions about the Research Propositions**

In this section the findings about the four research propositions from chapter four are compared to the existing literature presented in chapter two. The key concepts raised in the literature review relating to each research proposition are summarised and compared to the research results. This comparison serves to support or not support the literature and to show where this research extends the existing literature, as well as to reveal gaps in the literature that can be identified for future research.

The results of this research are compared to that of previous studies as shown in Table 5.1 where the check marks indicate whether or not the previous literature, and the results of this research, support the four research propositions. The table is led by the lists of propositions which were assessed and conclusions about these results will be discussed in sections 5.2.1, 5.2.2, 5.2.3 and 5.2.4. The second column of this table indicates the source of propositions (the literature). The results are summarized in the third column. The table shows that the results of the findings support the findings from previous studies. Next, the conclusions about the four research propositions will be addressed.

**Table 5.1: Comparisons of the results of this research to that of previous studies**

<b>Propositions</b>	<b>The literature (previous studies)</b>	<b>The results of this research</b>
Section 5.2.1. The Individual Characteristics of the CEO is an antecedent of market orientation in the non-profit South African business context.	✓	✓
Section 5.2.2. The type of business model adopted by the organisation is an antecedent of market orientation in the non-profit South African business context.	✓	✓
Section 5.2.3. Entrepreneurial culture moderates the relationship between the antecedent constructs of CEO characteristics and type of business model and market orientation in the non-profit South African business context.	✓	✓
Section 5.2.4. organisational Performance is a Consequence of market orientation in the non-profit South African business context.	✓	✓

Source: Developed for this research.

### **5.2.1 Conclusions about Research Proposition 1**

Research Proposition 1 was concerned with gaining an understanding about whether specific individual characteristics of the CEO of non-profit organisations would act as an antecedent to market orientation in South African non-profit firms. In this study the information gathered from the interviews suggested that the individual characteristics of the CEO did have a relationship with the degree of market orientation adopted by the non-profit organisations in South Africa. Further, the information gathered in this study allowed the researcher to investigate the dimensions of the individual CEO characteristics in order to understand whether there were particular individual characteristics of the CEO that appeared to be more relevant when considering whether an organisation would adopt a market orientation.

In seven of the nine cases in this research, those CEOs that rated highly on the individual CEO characteristics also had adopted a market orientation. Two cases (D and G) did not show evidence of the adoption of a market orientation. A comment from Respondent D on the general lack of market orientation in South African non-profit organisations was that *‘NGOs don’t package themselves as money earning entities because of the academic and political debates around the sector for years, so if we don’t package ourselves, we won’t sell ourselves’*.

The literature also suggested that an entrepreneurial CEO or a social entrepreneur is more likely to adopt a market orientation in their organisation (Bonini & Emerson 2005; Alter 2006; Dees 1998 & 2001) and the results of this study supported this notion. In particular, in the cases where the CEO obtained a high score for entrepreneurial traits there was a higher likelihood that there would be a more complete adoption of a market orientation. The literature review revealed that a new management style is required in order for traditional non-profit organisations to be successful, and that a business-like, entrepreneurial approach has addressed many of the traditional non-profit organisation's business challenges. non-profit organisations where an entrepreneurial approach has been adopted have been shown to be more successful at achieving their organisational objectives and performance goals over time (Dees 1998; Boschee 2006; Emerson 2003; Gainer & Padanyi 2004).

Social entrepreneurship is defined as the identification, assessment and operationalisation of opportunities as a result of a social value. This approach sees managers using market-based activities to solve social needs and generate income through innovation (Certo & Mill 2008). The literature revealed particular characteristics of social entrepreneurs that have been shown to drive this kind of adoption within an organisation. These characteristics were the necessary business acumen and risk taking ability to create, build and maintain a sustainable business, while still achieving a social mission (Dees 1998).

To summarize, change is required in non-profit organisations so that they can overcome their business challenges, and an individual with a combination of characteristics that include business skills, social skills and entrepreneurial traits is required to drive this change by cultivating a new business model. The research found that the CEOs in this study that demonstrated a high level of entrepreneurial traits also scored high average scores on the overall CEO construct.



The respondent from Case D stated that these CEOs were *'different from the traditional non-profit CEOs and they weren't academics either, these are people that have ideas and a system to implement these ideas'*, she continued to describe this type of CEO as demonstrating a high level of *'drive, passion, enthusiasm, practical implementation of an idea, innovativeness, that these individuals will create the ripple effect...they cause the ripple that becomes the wave, that becomes the ocean to create a continuum of social change'*.

In addition, the organisations that were classified as social enterprises also had CEOs that rated highly on the entrepreneurial traits dimension. One interesting comment from the respondent in Case A on how he described his motivation to drive change in a community, *'it's about the social capital that you can attract to a compelling idea that is applicable and sustainable over time beyond you, and will benefit lives'*. Further, the CEOs that evidenced entrepreneurial traits also demonstrated high levels of business skills and social skills. They showed innovativeness, propensity to take calculated risks in their decision making and leveraged business relationships. Some respondents identified that there was a gap in the level of business skills of the traditional non-profit CEO. The respondent in Case G stated that, *'the NGO sector in South Africa was previously driven by individuals who don't necessarily have the right skills to sustain a large organisation over a long time'*.

The perspective of the respondent in Case I aligns with the previous statement where he commented, *'you need a social entrepreneur. Everyone needs to be forward thinking, nothing will knock you down. It's about passion and pursuing your dream. Initially to get there you need a strong charismatic leader, passionate, a crusader in a way'*. The respondent from Case F pointed out that, *'it's the business skills (that is needed), we are in an emotional business, but when we're here our job is business, to deliver the goods, and be absolutely clear on what the goods are'*. The respondent from Case F also stated that in order to create a social enterprise business model to achieve a social impact a high level of commitment and accountability is required from employees.

The respondent in Case D commented on the high level of social skill and relationships that social entrepreneurs tend to exhibit, and the influence that this type of collaborative network of like-minded people can have on the non-profit sector, stating *'when social entrepreneurs band together to form such a powerful dynamic of social change, amazing things can happen when groups of people come together'*. This suggests that when there is a high level of CEO characteristic dimensions, the level of market orientation may be stronger, in particular in implementing a relationship management approach.

The respondent in Case A highlighted the importance of relationship management by stating, *'what we've done, very strategically, we've got media links, we deliberately decided that we would build deep relationships with all the major media players'*. In this case the CEO gained support from the largest media organisations in South Africa so that he could obtain million of Rands worth of free publicity. He also stated that the foundation of their organisation is based on building and maintaining business relationships. The need to create and show value and have a unique selling proposition like any other profit-based business was highlighted in Cases A, B, F and I, which further supports the proposition in that three of the four of the CEOs in these cases (A, B and I) are also recognized social entrepreneurs, who comfortably use business and marketing terms and acronyms to describe their sales strategy and approach.

As was described in the literature, the individual that drives a social enterprise organisation is the entrepreneurial CEO or social entrepreneur that embarks on a social venture and includes the use of market-based activities to solve social needs and generate income through innovation (Cochrane 2007; Dees & Anderson 2003; Thompson 2002). This is achieved by their ability to implement organisational structures and processes that are conducive to having a market-oriented focus within their organisation that also recognises the requirement for a dual market focus. (Thompson 2002; Johnson 2001).

Therefore, the findings for this research *support* the literature in that individual characteristics of CEOs can act as an antecedent for market orientation in South African non-profit organisations (Bonini & Emerson 2005; Alter 2006; Dees 1998). In referring to the theoretical model for this study and the modified antecedents that were originally based on Jaworski and Kohli's (1993) model, the modifications of the top management construct into CEO characteristics, with the new dimensions: level of education; social skill; business skill; and entrepreneurial traits captured the nuances and issues inherent in the business and cultural contexts of South African non-profit organisations, more fully than would have been possible using the original construct and its dimensions.

By modifying the variables and investigating the dimensions closely as opposed to examining the two original variables: emphasis; and risk aversion, far more relevant data was collected on the importance of social skill, business skill and entrepreneurial traits of a non-profit CEO when it comes to the degree of adoption of a market orientation. Had the original model been used, the research would not have uncovered this relationship as the market orientation dimensions, namely: external orientation; relationship management; marketing activities and marketing behaviours were not evident in the original market orientation construct, and so these insights would have been missed.

### **5.2.2 The conclusions about Research Proposition 2**

Research Proposition 2 was concerned with gaining an understanding of whether the type of business model of a non-profit organisation would also act as an antecedent to market orientation in South African non-profit organisations. In other words would the existence or otherwise of the adoption of a social enterprise business model in non-profit organisations in South Africa show a comparably high degree of adoption of market orientation. The respondents in this research provided insight by conveying their perceptions and viewpoints on whether there is a relationship between these two variables. Three out of nine organisations had adopted a social enterprise business model, while two were rated as mid-level on the continuum, and the remaining four organisations were categorized as traditional non-profit organisations.

Of the three social enterprise organisations, all had demonstrated a high degree of market orientation. These findings led the researcher to accept Research Proposition 2, that there is a relationship between the social enterprise business model and the likelihood that these organisations will have a higher degree of market orientation.

The literature review revealed that non-profit organisations that have adopted a social enterprise business model recognized the need to perform market-oriented activities and engage with their donor and beneficiary markets simultaneously in order to ensure their sustainability (Dees 1998; Bissell 2003). In doing so, these organisations demonstrated a customer-oriented focus and were found to be more successful at achieving their organisational objectives and be more sustainable over the long term (Dees 1998; Boschee 2006; Emerson 2003).

The research found that the social enterprise businesses in this study demonstrated a high level of external orientation and relationship management also scored high average scores on the overall market orientation construct. In addition to that, the organisations that were classified as social enterprises also had CEOs that rated highly on the entrepreneurial traits dimension.

The modified antecedents of market orientation that were originally based on Jaworski and Kohli's (1993) model, have been able to capture the nuances and issues inherent in the business and cultural contexts, more fully than those proposed in the original model. In particular, by modifying the organisational systems construct (formalisation; centralization; departmentalization; and reward systems) to type of business model (social enterprise business model; and traditional non-profit organisation business model), more relevant data was collected when it comes to the relationship between this construct and the degree of adoption of a market orientation of these firms. Had the original model been used, the research would not have uncovered this relationship as the original variables would not have been able to provide sufficient detailed information. Therefore, the findings for this research *supports* the literature in that the type of business model adopted by South African non-profit organisations does act as an antecedent for market orientation (Cochrane 2007; Thompson 2002; Dees 1998; Boschee 2006; Emerson 2003).

### 5.2.3 Conclusions about Research Proposition 3

Research Proposition 3 was concerned with understanding whether there is a relationship between entrepreneurial culture and market orientation in non-profit organisations. Specifically, it was thought that entrepreneurial culture would moderate the relationship between the antecedents proposed in the model of market orientation. It was therefore necessary in this research to determine if some or all of the dimensions of entrepreneurial culture are contributors to the adoption of a market orientation. In order to establish this, a matrix was created that showcased the four dimensions of entrepreneurial culture: dual oriented culture; innovativeness; pro-activeness and management's internal influences, as well as the market orientation construct's four dimensions, namely: external orientation, relationship management, marketing activities and marketing behaviours.

The respondents provided limited insight into this area, as in some cases there was little distinction between an entrepreneurial culture and a market orientation, however, in the cases where the CEO was a recognized social entrepreneur (Cases A and I), the respondents were able to easily relate to the entrepreneurial culture that emanated throughout their organisation. Some specific comments from the respondent in Case A regarding their organisational culture confirmed this, *'I encourage people to try a new idea, don't need to get approval from me, if you waste R5,000 its ok, in other NGOs if you was R5,000 you lose your job, you won't here. Because if it happens I'll step in and I'll fix it'*.

With regards to the organisational culture within the traditional non-profit organisation, these organisations appeared to follow a bureaucratic culture, which was far more structured, rigid and process driven as opposed to empowering the employees to make decisions.

There were also numerous discussions that centred around the need to attract talented people into the sector and that there was a 'dearth' of talented people, as the respondent from Case D stated, *'after 1994 a lot of the talent in the sector disappeared into Government and into corporate and into CSI (Corporate social investment) departments because they were obviously the sector to draw from because of the knowledge base, and the enthusiasm and wanting to make things better kind of attitude'*.

The literature review revealed that in studies that have examined the link between entrepreneurial orientation (entrepreneurship) and market orientation, it was found that these two orientations are linked, and results from this research show that this dual style of management results in a proactive focus on innovation in the most optimal manner (Covin 1991; Martin 1995; Narver & Slater 1995; Zahra 1993).

Entrepreneurship was originally considered to be an antecedent to market orientation as entrepreneurial firms were searching for business, they needed to concentrate their attention towards customer needs and the ability to meet those needs, hence they become market oriented (Miles & Arnold 1991; Morris & Paul 1987). Later research identified entrepreneurship as a mediator between market orientation and organisational performance in an attempt to explain the inconsistencies between the two variables (Barrett & Weinstein 1998). More recently it has been suggested that market orientation and entrepreneurship are organisational capabilities that positively affect organisational performance and that the maximum positive effect on performance is achieved when market orientation and entrepreneurship are aligned (Hult & Ketchen 2001; Atuahene-Gima & Ko 2001). According to the literature, the interaction between market orientation and entrepreneurial orientation plays an important role in innovation and greater emphasis is put on innovation in their human resources practices. Studies have shown that entrepreneurship adds a new dimension to a market-oriented organisation (Bhuan, Menguc & Bell 2005), however there is still a need to ensure that the process of information gathering is guided by the organisation's vision or mission and there is also a need to determine whether the information that is gathered is for a specific purpose and whether that information is optimally used by all departments.

It has also been found that an entrepreneurial culture provides a proactive approach to the market orientation processes and drives innovation in the firm (Miles & Arnold 1991; Atuahene-Gima & Ko 2001), so the relationship between entrepreneurship and market orientation in the non-profit context should be considered in future research.

The research indicated that the scores for an entrepreneurial culture were similar to those for market orientation, suggesting that there may be a relationship between these two constructs such that where a non-profit organisation exhibits evidence of an entrepreneurial culture there will also be evidence that they have adopted a market orientation, however there were cases in this research where there was evidence of some level of market orientation without evidence of an entrepreneurial culture. Future research would be required to quantify the constructs in order to understand the relationship further, however there is enough evidence here to accept the proposition that entrepreneurial culture acts as a moderator in the model of antecedents and consequences of market orientation.

As stated previously, by modifying the antecedents of a market orientation based on Jaworski and Kohli's (1993) model the particular nuances and issues inherent in the business and cultural contexts were captured in a better way than it would have done had the original model been used. The market orientation construct was modified to include: external orientation, relationship management; marketing activities; and marketing behaviours, and the interdepartmental dynamics and employees constructs were combined to create an entrepreneurial culture construct, with the dimensions: dual-oriented culture; innovativeness, pro-activeness; and management's internal influence.

Based on these changes the research found that there is a relationship between these constructs, in that existence of an entrepreneurial culture enhances the likelihood of adoption of market orientation and in turn improves organisational performance.

The relationship is proposed as a moderated one as the antecedents and consequences of market orientation will still be evident and hold their pattern of relationships even with the absence of an entrepreneurial culture. This relationship would not have been identified with the original model of antecedents and consequences of market orientation as the dimensions of the original market orientation construct of: intelligence generation; intelligence dissemination; and responsiveness, and dimensions of the original inter-departmental construct: conflict; connectedness, and employees construct: organisational commitment; and esprit de corps would not have provided sufficient detailed information to see the patterns emerge from the data.

#### **5.2.4 Conclusions about Research Proposition 4**

Research Proposition 4 was concerned with understanding whether organisational performance in non-profit organisations is a consequence of market orientation. It was therefore necessary in this research to determine whether there is a relationship between market orientation and organisational performance and to do this a matrix of rankings of the constructs was created.

The literature revealed that there is a link between market orientation and organisational performance in that market orientation enhances organisational capabilities that contribute to a 'positional advantage' which subsequently results in improved performance in profit-based and non-profit based firms (Hult & Ketchen 2001; Barrett, Balloun & Weinstein 2005; Bhuian, Menguc & Bell 2005).

This view has been supported in organisational Performance research and it has further been found that if both high levels of market orientation and high levels of Entrepreneurship are prevalent, the result is an even greater positive effect on performance (Autahene-Gima & Ko 2001). This research found that there was a relationship between market orientation and organisational Performance such that where these organisations showed evidence of the adoption of a market orientation they also showed evidence of good organisational Performance, and this was evidenced in all nine cases. However, this was not the case where there was a low level of market orientation.



These organisations did not necessarily evidence a correspondingly low score for organisational performance. In fact, a closer alignment was found between the level of individual characteristics of the CEO and organisational performance.

In the cases where there was a high level of individual characteristics of the CEO and organisational performance, some specific comments were mentioned that showcased a type of business-minded thinking that was not evidenced in the CEOs that scored low in this dimension. For example, the respondent from Case A made an interesting statement about the term donation, he stated, *'we don't like to call it donations, we call it investment because we show that return on investment with lives changed'*. The respondent from Case D had some comments regarding sustainability of non-profit organisations that included their *'need to become sustainable and to do so in a creative innovative way'*.

On the topic of organisational performance making a social impact and sustainability, two main discussions emerged, the first was around resources, both financial and human, and the second was around creating a compelling value proposition. The respondent from Case A whose organisation was categorized as a social enterprise business stated, *'the first step to being sustainable is to get the right team on board who see themselves as social entrepreneurs. Find ways to deliver value first. It's the fundamental value we look for in the people we recruit, are you in the business of giving value first. The second is for us to get to a point where we exchange values, does the person have an attitude of giving value and not an attitude of give to me. As a business we give value in all areas'*.

The CEO from Case H, whose business was categorized as a mid-level social enterprise business commented on these two key areas. She was having difficulty in creating a compelling value proposition and forging business relationships with profit based businesses in the rural area where the non-profit organisation operates. She felt that even though she had set up a profit-based newspaper business to fund the non-profit organisation, the business people in the community were not supporting this newspaper.

She commented that, *'the mindset of the business people there are from 20 years ago, they don't see the business sense of supporting people that buy from them. I don't think this will ever change. To get Coca Cola to advertise in our newspaper you have to come to Johannesburg to get them to advertise. They will give money, shame, but they won't support on a pure business level'*. She added, *'we are looking for business to support us on an ongoing basis, not looking for handouts, because then we won't make it'*.

In this final research proposition, it is possible to see that organisational performance is a consequence of market orientation. As can be seen, a number of key findings were identified as a result of this study by modifying the antecedents of a market orientation based on Jaworski and Kohli's (1993) model. The relationship between market orientation, entrepreneurial culture and organisational performance was highlighted, however, it was the CEO characteristics dimensions that appear to be most valuable for non-profit organisations. In determining the characteristics of their CEO, non-profit organisations will be most likely to result in a sustainable and successful operation. The original model would not have provided such detailed information about these relationships.

To summarize the conclusions of the research propositions, this research study has support the propositions in that:

- a) When entrepreneurial traits and good business and social skills of a CEO are evident, it is more likely that the non-profit organisation will adopt a market orientation
- b) The adoption of a social enterprise business model by a non-profit organisation does impact the degree of market orientation adopted by a firm
- c) The existence of an entrepreneurial culture moderates the likelihood of a non-profit organisation adopting a market orientation
- d) Organisational performance in non-profit organisations is positively impacted by the level of market orientation adopted

The conclusions about the research question and research objectives will be discussed next.

### **5.3 Conclusions about the Research Question and Research Objectives**

The research question that was developed for this research study was:

**‘How is the model of antecedents and consequences of market orientation impacted by business and cultural contexts in the case of South African non-profit organisations?’.**

The findings of this research provide an answer to this research question by addressing the specific research objectives which were:

1. To identify the whether the antecedents of market orientation as proposed by Jaworski and Kohli (1993) remain consistent in the context of both a South African business environment and a non-profit business context;
2. To identify whether organisational culture is a relevant factor in the relationship between market orientation and organisational performance in the context of South African non-profit organisations

In relation to the first objective of this research, the literature review of chapter two indicated that the model of antecedents and consequences of market orientation has been used in various contexts and conditions since its inception in the early 1990s and remains robust and reliable. The model had not specifically been adapted to the non-profit South African context, so a deeper understanding of each of the antecedents was required to determine whether and how they would need to be adapted for these contexts.

The literature highlighted that the adoption of a market orientation in traditional non-profit organisations is low, as many did not have a formal marketing department or skilled marketing employees. (Docherty & Hibbert 2003). On the other hand, in social enterprises this is not the case. (Dees 1998). A number of studies suggested that in order for non-profit organisations to become financially sustainable they must adopt a market orientation and focus on marketing to multiple target customers (Singh 2006; Boschee 2006), and the literature has revealed that a certain type of individual is required in order to drive this change within the traditional non-profit organisation and transform these organisations into social enterprise business models.

The individual characteristics included in the literature were: a visionary, passionate, innovative, pro-active and dedicated, talented and has the necessary business skill and risk taking ability and to be able to manage the downside if the project fails. Additional characteristics are that they understand the expectation of their investors and create market-like feedback mechanisms to re-enforce this accountability and exhibit leadership skills. The characteristics were categorized into four dimensions, namely: level of education, business skills, social skills and entrepreneurial traits. All of these characteristics have been investigated to determine whether they are influential in explaining the impact on market orientation in the South African non-profit context.

In terms of the level of importance of each of the CEO characteristic dimensions in the adoption of a market orientation, it has been found in this research that the dimension entrepreneurial traits seems to be most important, however the CEO also requires business skill at a complementary high level in order to successfully implement a market orientation.

This supports similar findings of previous research where entrepreneurial behaviour, in particular innovativeness, pro-activeness, management's internal influence and level of education contribute to financial performance of an organisation, and that innovation is an important mediator in the relationship between market orientation and organisational performance (Farley, Hoenig & Ismail 2008; Farley and Deshpande 2004; Spring 2009; Goosen, de Coning & Smit 2002). The revised dimensions of CEO characteristics have provided a more accurate depiction of the antecedents of market orientation, as the dimensions from the original model of emphasis and risk aversion would not have captured enough information relating to their entrepreneurial ability or their business and social skill.

In this study all of the CEOs had tertiary education, and without richer data regarding their education, it tended to limit the impact of this dimension on the CEO construct. With access to tertiary education becoming more widespread, it is possible that instead of level of education, future studies might consider examining the type of education (i.e. business education versus other non relevant education) when considering the CEO characteristics and its impact on the likelihood of adopting a market orientation.

The entrepreneurial CEOs demonstrated high levels of social skill and this advanced their resource acquisition process in greater measure than compared with the balance of the CEOs. Securing support from corporate sponsors and high profile business executives and celebrities were examples of how they generated support and capital.

Finally, in terms of the impact that market orientation, entrepreneurial culture and CEO characteristics has on organisational performance, the research found that there is a relationship between market orientation and organisational performance, although this relationship was not evident when there is a low level of market orientation.

The findings of this research discussed above have satisfied the first objective by confirming that whilst it appears that both antecedents and consequences to market orientation can be identified when examining the non-profit sector in South Africa, the specific dimensions and focus of the constructs in Jaworski and Kohli's (1993) model required adaptation to take particular nuances into consideration. The top management construct was renamed to CEO characteristics and included the dimensions level of education, business skill, social skill and entrepreneurial traits. This allowed the researcher to collect evidence of specific entrepreneurial characteristics, networking ability and leadership style and capabilities that otherwise would not have been possible using the original constructs and their dimensions.

The interdepartmental dynamics and employees construct were combined into a single construct and was re-named as the entrepreneurial culture construct. The original dimensions of the constructs were collapsed into four new dimensions, namely: dual-oriented culture (donor and beneficiary), innovativeness, pro-activeness and management's internal influence. This allowed more relevant data to be collected about the organisation's internal environment and general atmosphere, and whether the CEO influenced the employees into being more innovative, pro-active and entrepreneurial, or whether the internal environment was of a bureaucratic nature. These insights otherwise would not have been identified if the original model had been used.

The organisational systems construct was renamed to type of business model with the dimensions social enterprise and traditional non-profit. This meant that the research study was able to identify the similarities and differences between the nine cases in terms of their business models and methods for acquiring resources. Without this information, it would not have been possible to distinguish between the organisations, which proved to be valuable in this study as it was found that organisations that have adopted a social enterprise business model tend to have a higher level of adoption of market orientation and entrepreneurial culture, leading ultimately to better overall organisational performance than those of a traditional non-profit organisation.

Finally, the market orientation construct's dimensions were modified to include: external orientation, relationship management, marketing activities and marketing behaviours. These dimensions were a combination of Kohli and Jaworski (1990; 1993) and Narver and Slater's (1990) market orientation construct dimensions, which provided a more holistic view of the construct and allowed for more enriched information to be extracted from the data. This would have not been possible had only Jaworski and Kohli's (1993) model been used in this study.

The research found that in cases where the CEOs exhibited high levels of entrepreneurial traits and business and social skills there was evidence that it was more likely that a social enterprise business model would be adopted. In addition, in cases where there was evidence of sound entrepreneurial traits of the CEO it was also more likely that a market orientation and entrepreneurial culture would be adopted and that the level of the CEO's business skills were also an important factor in this result.

In terms of determining how organisational performance is impacted by market orientation in the context of South African non-profit organisations, it was noted that all of the antecedents to market orientation do have an impact on organisational performance in non-profit South African organisations in a similar manner to that evidenced in other types of enterprises. That is, the more market orientation adopted and the more entrepreneurial the CEO, the more likely that the enterprise will evidence signs of good performance or achievement of their social mission. The findings of this research discussed in sections 5.4 have satisfied this objective of this research.

With respect to the second objective of this research, although the CEOs interviewed suggested that there was indeed a relationship between market orientation and entrepreneurial culture, it would seem that while entrepreneurial culture enhances the likelihood of adoption of market orientation and subsequently organisational performance, it is not essential for the relationship between the antecedents and consequences of market orientation in this context. Thus entrepreneurial culture acts as a moderator in this model. A quantitative study is required in future research in order to understand the strength and direction of this relationship in more detail.

In summary, the findings of this research have satisfied the research question developed by firstly, confirming that the model of antecedents and consequences of market orientation can be applied in a South African non-profit context. These findings suggest that the structural integrity of the model at the most philosophical level was maintained. That is, that there does appear to be a number of antecedent factors that will impact the likelihood and degree of adoption of market orientation and that the degree of adoption also impacts the performance of the organisation (the consequence).

However, this research also proposed that additional factors were important in the interplay of relationships predicting and resulting from the adoption of market orientation in the non-profit South African context. These additions were proposed to be the type of business model adopted by the organisation and the existence of an entrepreneurial culture. Neither of these constructs were featured in the original model proposed by Jaworski and Kohli (1993), and in the context of non-profit organisations in South Africa, they appear to be important in explaining and depicting the pattern of relationships in this model.

The data collected from nine non-profit organisations in South Africa suggest that in the business context of non-profit organisations, the type of business model adopted (social enterprise versus traditional non-profit) is an important antecedent of market orientation.

Further, that where there is adoption of a market orientation there is also the presence of an entrepreneurial culture and visa versa. This finding suggests that the change in business context (in this case a non-profit context), does necessitate the adaptation and modification of the original model of antecedents and consequences of market orientation (Jaworski & Kohli 1993) to better reflect and explain the nuances of this context.

This research has also suggested that whilst the general constructs proposed in the original model of antecedents and consequences of market orientation by Jaworski and Kohli (1993) were relevant at a basic level, the specific dimensions of these constructs needed to be modified to gain a richer and more thorough understanding of the pattern of relationships in a South African non-profit context. In particular the top management construct and its re-specification to CEO characteristics, with the dimensions: level of education, business skill, social skill and entrepreneurial traits meant that deeper investigation into the personal traits and characteristics of the non-profit CEO was possible, whereas in the original dimensions of: emphasis; and risk aversion, would have given very limited information into these areas.



The interdepartmental dynamics and employee constructs were consolidated into one construct and re-named, entrepreneurial culture, and four dimensions were specified, namely: dual-oriented culture; innovativeness; pro-activeness; management's internal influence. This respecification meant that a more detailed analysis of the non-profit organisation's internal environment could be performed, in order to uncover whether the organisation embraces innovation and risk, or whether it is more conservative and bureaucratic in its processes and practices.

The organisational systems construct was re-named type of business model so that a deeper investigation of the organizations business model could be performed to determine whether the organisation is purely philanthropic or more commercial in their day-to-day operations.

By focusing on the organisation's business model, the researcher was able to identify whether the organisation was becoming self-sufficient in generating revenue from alternative sources, thereby increasing their chances of sustainability, as opposed to those that were merely surviving and barely able to cover operational expenses, and were at the mercy of their donors.

The market orientation construct was a combination of Jaworski and Kohli's (1993) and Narver and Slater's (1990) dimensions, and by incorporating both dimensions into one construct, the researcher was able to have a more holistic view of the organisation's level of adoption of a market orientation, than if only Jaworski and Kohli's (1993) model would have been used.

Finally, this research also supported the proposition that the environmental context of a business (in this case the nationality) also necessitated modifications to the original model. The existence of entrepreneurial culture as an important construct in this model appears to be evident to the South African context and thus confirms the importance of questioning the transferability of theoretical models in different cultural contexts.

The next section will be a discussion on the contribution of the research findings to both theory and practice.

## **5.4 Contribution of the Research to Theory and Practice**

The research findings discussed in previous sections have contributions to theory (section 5.4.1) and practices (section 5.4.2). These contributions are now discussed.

### **5.4.1 Contribution to Theory**

This section discusses the contributions in a theoretical context. The contributions are described in relation to key gaps justified in previous chapters (chapters two and three).

This research is the first documented academic research on South African non-profit organisations from a market orientation perspective and has found that the 1993 Jaworski and Kohli model of antecedents and consequences of market orientation were not immediately applicable to these changes in context. A modified theoretical model was developed that was able to capture the antecedents related to the adoption of a market orientation in the non-profit South African context.

The original structure of Jaworski and Kohli's (1993) model was robust and stable, however this research found that the constructs or dimensions required modification in the South African non-profit context in order for it to be more relevant. In particular in the non-profit sector in an emerging economy, it is the entrepreneurial traits of a non-profit CEO that appears to be more important in achieving a social mission than other characteristics, and it is this trait that is transferred into the internal environment of the organisation so that it too can emanate innovativeness and pro-activeness as it adopts a market orientation.

This theoretical contribution provides future researchers with a blueprint from which to conduct empirical research in this field, further advancing and refining Jaworski and Kohli's work on market orientation by considering not only what is done in the firm to adopt a market orientation, but also how the specific individual characteristics of the CEO influence the likelihood and degree of adoption, thereby improving organisational performance.

Entrepreneurial culture was found to be closely related to market orientation in the non-profit sector in an emerging economy. The two constructs appear to work together, however there was insufficient evidence to empirically confirm the direction and strength of entrepreneurial culture as a moderator. This would require further testing in future research in order to confirm the strength and direction of this relationship.

What is certain is that close attention should be paid to organisational culture in the non-profit organisation in emerging markets as it relates to the degree of adoption of a market orientation, as this has been found to be important in these contexts. This finding has further added to the body of literature in the non-profit domain. This finding would represent a change to the existing structural integrity of Jaworski and Kohli's 1993 model and would provide future researchers with new directions from which to consider the relationship between market orientation as a strategic business philosophy and organisational culture as a structural component of a business.

The next section will be a discussion on the contribution of the research findings to practice.

#### **5.4.2 Contribution to Practice**

In addition to the theoretical contributions discussed above, this research has contributions for managerial practices. Practical implications of this research cover a theoretical model that practitioners could use to assist in identifying the important elements required in the adoption of a market orientation, therefore improving their organisational performance.

The other important contribution is the identification of the importance of an entrepreneurial CEO, or social entrepreneur, for non-profit organisations looking to drive the organisation towards a market orientation and transition the traditional non-profit organisation to becoming a social enterprise (which this research has highlighted is an important transition).

The research findings suggest that when seeking out this individual, practitioners need to ensure that the individual has a high level of entrepreneurial traits, business and social skill, as these characteristics are more likely to result in the adoption of a market orientation appropriate for a non-profit context and a culture that will facilitate these business and marketing behaviours.

Another contribution to practice is the awareness of a social enterprise business model that can be adopted by traditional non-profit organisations in need of financial resources to become more sustainable over time, and in doing so would adopt a market orientation. These findings suggest that in order for these non-profit organisations to be sustainable over time they need to become more business-minded, customer focussed and find alternative methods of generating income. This can be done by augmenting their source of revenue with other means other than receiving grants and donations.

These findings should encourage management of traditional non-profit organisations to take this into consideration, especially if they are having business and financial challenges. This research has provided evidence that whilst traditional non-profit organisations in this research are still achieving their social mission they are generally doing so with a short term focus and with a high level of anxiety as they are not certain where the next year's funding will come from. Adoption of a social enterprise business model will enable the organisation to plan strategically with a higher level of confidence over the long term.

The research has provided management with comparative information on different types of non-profit organisations, some that have adopted a dual market orientation, and some that have not. The findings have shown that in organisations that have adopted a dual market orientation, are more sustainable over the long term as they are consistently seeking out innovative ways to do things better or differently. It is the innovativeness that comes from having an entrepreneurial culture that has been found to be significantly more visible in the industry, with the media and also with the contribution that they have made in the communities in which they serve. This knowledge will enable management to justify the reason to change to a dual market orientation.

In summary, the findings of this research have contributed to the study of the influence of the individual characteristics of the non-profit CEO on the adoption of a social enterprise business model, market orientation, entrepreneurial culture and organisational performance theoretically and practically.

Theoretically, this research has re-enforced the usefulness of the theoretical models proposed by Jaworski and Kohli (1993) and Narver and Slater (1990) to identify the antecedents of market orientation in non-profit organisations in the South African context, and has extended this work by suggesting modifications that may be applicable to other non-profit organisations in emerging economies not previously considered.

Practically, this research provides managers with insight into how a non-profit organisation should be structured and focussed from an internal and external perspective in order to allow for the adoption of a market orientation which in turn would lead to operational effectiveness and improved financial performance. The research also provides insights into CEO characteristics and the organisation's business model that can be assessed based on the measurement criteria in this research in order to assess the organisation's level of self sufficiency and growth potential. The next session will cover the limitations of this study.

## **5.5 Limitations of the study**

This research has attempted to provide both valid and reliable explanations of the relationship between individual CEO characteristics, market orientation, entrepreneurial culture and organisational performance in non-profit organisations in the non-profit context. However, some limitations of the study and its results do exist.

Firstly, most of the individual characteristics of the CEO included in this research and measurements of these characteristics have been selected and developed respectively from previous studies investigating the actions and behaviours of social entrepreneurs and entrepreneurship. There may be other CEO characteristics that are also relevant to this research context but have not yet been investigated by previous research and not included in this study.

An exclusion of these possible factors may reduce the accuracy of the findings of this research. In addition to that, the theoretical model provided in this study should be tested empirically to validate the model and provide further strength and direction of the relationships between the constructs.

Secondly, in terms of the generalizability of the research findings, this research specifically targeted a sample of non-profit organisations that were well known in the industry, and as a result, the organisations were well structured, organized and had educated top management. This is not the case in all non-profit organisations as in some cases there are micro non-profits that do not have the same level of sophistication and the founder/CEO may not have a tertiary education qualification. Hence, results of this research may be confined only to non-profit organisations that are similar to the cases that were analysed rather than to general non-profit sector including community based services. This results in some limitations in terms of the generalizability of this sample.

Further, this research has been taken place during the post-Apartheid (since 1994) era period. In this period of time, there was a proliferation of non-profit organisations being set up to work to alleviate the plight of the poor, however, this may subside over time once the country becomes more stabilized politically and economically. As a result, the findings of this research may not be ideally used to explain how non-profit organisations would be sustainable in more stable economic periods in South Africa.

In terms of quality of the measurements, the ranking of each of the dimensions within the construct was performed in a subjective manner, and then reviewed by a panel of experts to ensure its validity and reliability as the strength of the data has a weaker construct validity and reliability in this study due to the nature of this research being a case study methodology. The ranking was done on the information gathered at a given point in time. Should the time be different or the context of the discussion, the ranking may be different.

Finally, the data used in the analysis in this research were analysed using pattern matching and triangulation in a multiple case study method. However, case study methods have limitations. This research method is qualitative and sought to answer the ‘how and why’ question as opposed to the ‘who, what, where, how many and how much’ type questions that are used in quantitative research methods.

It is for this reason that there are limitations to the type of questions that can be asked, and the respective responses.

The above limitations are not considered to seriously minimize value of the findings of this research program. These limitations provide implications for future research, which is discussed next.

## **5.6 Directions for Further Research**

The opportunities for future research extend from the limitations of this research, and other issues that could be considered.

This research is the first study investigating the influence of individual CEO characteristics on the adoption of a social enterprise business model, market orientation, entrepreneurial culture and how it impacts organisational performance in the non-profit sector in South Africa. A key antecedent, CEO characteristics investigated in this research are: level of education, business skill, social skills and entrepreneurial traits. A forward step in the future would be to include other possible characteristics that were not included in this research. In addition to this, further research should be conducted where the weighting of the different constructs should be considered as this may be a limitation of the model, for example, the entrepreneurial traits dimension may be given a greater weighting than the other dimensions.

In this study all of the CEOs had tertiary education which diluted the potential impact of this dimension on the CEO construct. With access to tertiary education becoming more widespread, it is possible that instead of level of education, future studies might consider examining the type of education (i.e. business education versus other non relevant education) when considering the CEO characteristics and its impact on the likelihood of adopting a market orientation. An inclusion of additional CEO characteristics antecedent factors will enable the researcher to provide a more complete picture of the influence a CEO has on a non-profit organisation and how they impact the internal organisation. This understanding in turn may help non-profit organisations to develop their own management team in the same way.

Another factor to consider for future research would be to assess whether or not size of the organisation , that is number of employees would impact organisational performance and market orientation. Another confounding variable that could be assessed is if a non-profit organisation is a multi- national organisation and whether that has any impact on the local office .

Previous research has found that an entrepreneurial culture provides a proactive approach to the market orientation processes and drives innovation in the firm and this relationship in the non-profit context should be considered in future research.

Finally, future research demands a more meaningful sample size and an expanded target population for the sample that could include middle management, employees, board members, donors, beneficiaries and affiliates of the non-profit organisations.

### **5.6.1 Generalizability of the findings of this research**

To determine whether the findings of this research can be generalizable, additional research needs to be conducted to investigate if similar patterns can be repeated in other research contexts. For example, other researchers may conduct their studies with a greater sample of non-profit organisations ranging from micro businesses to multi-national.



Future research may also focus on different types of non-profit organisations, like education, youth or HIV Aids, or conduct an investigation in different economic situations. In addition, future studies may conduct their research in more than one country or contexts simultaneously, like a cross-cultural or cross national research and then perform a comparison.

### **5.6.2 Use of quantitative measurement scales**

Future studies can refine the measurement scales used in this research by using quantitative methods. Future researchers could use the MARKOR measurement scales and test the reliability and validity of this measurement scale in the non-profit South African context. It would be expected that the overarching scale would remain stable, but the items within the scale may need to be modified minimally to take the local nuances into consideration.

### **5.6.3 Use of more complex statistical technique**

The final issue is regarding the statistical technique used for data analysis. Future research can use a more complex data analysis technique to examine the relationship between the individual characteristics of the CEO and the adoption of a social enterprise business model, market orientation, entrepreneurial culture and its impact on organisational performance. Specifically, quantitative methods like structural equation models can be used to estimate multiple interrelated relationships between these variables simultaneously. Future studies may also be conducted using experimental or explanatory research to examine causal relationships of these variables, so that the direction of the relationship of these variables can be better understood.

## **5.7 Conclusion**

This research has addressed the research question of **‘How is the model of antecedents and consequences of market orientation impacted by business and cultural contexts in the case of South African non-profit organisations?’**.

The objectives were to identify whether the antecedents and consequences of market orientation as proposed by Jaworski and Kohli (1993) remain consistent in the context of South African non-profit organisations and to identify whether organisational culture is a relevant factor in the relationship between market orientation and organisational performance in the context of South African non-profit organisations. The research supports that whilst Jaworski and Kohli's (1993) model is robust and stable, the model's constructs and dimensions required modification in order to be more relevant to the non-profit context and the South African context.

The most sensitive elements of the model to these contexts were the antecedents: top management, inter-departmental dynamics and organisation systems. All the constructs required re-specification to make the model more relevant. In particular, the top Management construct was re-named to CEO characteristics and the dimensions: emphasis; and risk aversion were changed to: level of education; business skill; social skill and entrepreneurial traits so that this research can extract more meaningful data on the type of individual that is successfully driving non-profit organisations in achieving their social mission.

The organisational systems construct was re-named to type of business model with the dimensions social enterprise business model and traditional non-profit organisation business model so that this research could better understand the methods that these organisations are using to generate revenue, as the issue of self-sufficiency and sustainability is ever-present in the non-profit sector, as they historically relied on grants and donations as their main source of income which is no longer enough in some cases.

The interdepartmental dynamics and employees constructs were combined into an entrepreneurial culture construct with four dimensions: dual oriented culture; innovativeness; pro-activeness; management's internal influence so that a deeper level of investigation and analysis could be performed on the organisation's internal environment.

Finally, within the market orientation construct, the dimensions from Narver and Slater's (1990) model were included for a more holistic view and analysis of the non-profit organisation's level of adoption of a market orientation within the South African context. The modifications allowed for richer, more relevant data to be collected and analysed and significant contributions to theory and practice have been made as a result.

This research has contributed to the body of knowledge in the field of market orientation and its relationship to organisational performance and raised implications for theory and practice. This research has discussed limitations of this study and has also highlighted opportunities for future research.

## LIST OF REFERENCES

Ainley, P, Barnes, T & Momen, A 2002, 'Making Connexions: a case study in contemporary social policy' *Critical Social Policy*, May 2002, vol. 22, no. 2, p. 376.

Alderson, W 1964, 'The Study of Society: A Unified Approach', *Journal of Marketing Research*, Feb, vol. 1, no. 1, pp.72-74.

Alexander, J 1999 'The impact of devolution on non-profits: A multiphase study of social service organisations', *non-profit Management and Leadership*, vol. 10, no. 1, pp. 57-70.

Alter, K 2006 'Social Enterprise Typology' Viewed 8 February 2007, <<http://www.virtueventures.com/setypology.pdf>>

Alvord, SH, Brown, DL & Letts, CW 2004, 'Social Entrepreneurship and Societal Transformation', *Journal of Applied Behavioural Science*, Sep, vol. 40, no. 3, pp. 260-282.

Anderson, PF 1982, 'Marketing, Strategic Planning and the Theory of the Firm', *Journal of Marketing*, Spring, vol. 46, no. 2, pp. 15-26.

Andreason, A & Drumwright, ME 2000, 'Alliances and ethics in social marketing', *Georgetown University Press*, Washington DC, pp. 95-124.

Arozian, M 2003 'Branding for nonprofits: how a community non-profit can establish a presence among those it serves and those it depends on for support by linking its name to a very recognizable symbol' *The Public Manager*, Summer, vol. 32, no. 2, p. 9.

Ashoka Foundation, viewed 5th February 2008, <<http://www.ashoka.org>>.

Atuahene-Gima, K & Ko, A 2001, 'Empirical Investigation of the Effect of market orientation and Entrepreneurship Orientation Alignment on Product Innovation' *organisation Science*, Jan/Feb, vol. 12 no. 1, pp. 54-74.

Austin, J, Stevenson, H & Wei-Skillion, J 2006, 'Social and Commercial Entrepreneurship: Same, Different, or Both?', *Entrepreneurship: Theory & Practice*, Jan, vol. 30, no. 1, pp.1-22.

Austin, JE 1998, 'business leaders and non-profits', *non-profit Management and Leadership*, vol. 9, no.1, Fall, pp. 39-51.

Bach, J & Stark, D 2002, 'Innovative Ambiguities: NGOs' of Interactive Technology in Eastern Europe', *Studies in Comparative International Development*, Summer , vol. 37, no. 2, p. 3.

Balabanis G, Stables R, Phillips H, 1997, 'market orientation in the top 200 British charity organisations and its impact on their performance' *European Journal of Marketing*, vol. 31, no 8, pp. 583-603.

Barendsen, L & Gardner, H 2004, 'Is the Social Entrepreneur a New Type of Leader' *Leader to Leader*, Fall, vol 4, no. 34, pp. 43-50.

Barksdale, HC, and Darden B 1971, 'Marketers' Attitudes Toward the Marketing Concept', *Journal of Marketing*, 35 October, pp.29-36.

Barnes, NG 1991, 'Philanthropy, profits and problems: the emergence of joint venture marketing', *Akron business and Economic Review*, vol. 22, no. 4, pp. 78-86.

Barrett, H & Weinstein, A 1998, 'The Effect of market orientation and organisational Flexibility on Corporate Entrepreneurship' *Entrepreneurship: Theory & Practice*, Fall, vol. 23 no. 1, pp. 57-70.

Barrett, H, Balloun, JL & Weinstein, A 2005 'The impact of creativity on performance in non-profits' *International Journal of non-profit & voluntary Sector Marketing*, Nov, vol. 10 no. 4, pp. 213-223.

Baruch, Y, Ramalho, N 2006, 'Communalities and Distinctions in the Measurement of organisational Performance and Effectiveness across For-Profit and non-profit Sectors', *non-profit and voluntary Sector Quarterly*, March , vol. 35, no. 1, pp. 39-65.

Berger, IE, Cunningham, PH & Drumwright, ME 2004, 'Social Alliances: Company/non-profit Collaboration' *California Management Review*, vol. 47, no. 1, Fall, pp. 58-90.

Bhuiyan, S, Menguc B & Bell S 2005, 'Just entrepreneurial enough: the moderating effect of entrepreneurship on the relationship between market orientation and performance' *Journal of business Research*, vol 58, pp. 9-17.

Bhuiyan, SN & Habib, M 2004, 'The Relationship between Entrepreneurship, market orientation and Performance: A Test in Saudi Arabia' *Journal of Transnational Management*, vol. 10, no. 1, pp. 79-98.

Bissell, J 2003, 'Opening the doors to 'cause branding' Top of mind: perspectives and commentary marketing is becoming more common among non-profit organisations' *Brandweek*, Oct 27, vol. 44 no. 39, p. 30.

Blended Value Investing, viewed March 2006, <<http://www.weforum.org>>.

Bloom, PN & Novelli, WD 1981, 'Problems and challenges in social marketing', *Journal of Marketing*, vol. 45, Spring, pp. 79-88.

Bonini, S & Emerson, J 2005, 'Maximizing Blended Value - Building Beyond the Blended Value Map to Sustainable Investing, Philanthropy and organisations', viewed 9 Oct 2007, <[www.blendedvalue.org](http://www.blendedvalue.org)>.

Borins, B 2000, 'Loose cannons and rule breakers, or enterprising leaders? Some evidence about innovative public managers', *Public Administration Review*, no. 60, pp. 498–507.

Borman, A & Lo, C 1995, 'Can not-for-profits learn from for-profits? marketing management for non-profit organisations' *Fund Raising Management*, August, vol. 26, no. 6, pp. 24-28.

Bornstein, D 1998, 'Changing the world on a shoestring' *Atlantic Monthly*, Jan, vol. 281, no. 1, p. 34.

Bornstein, D 1998, 'Changing the world on a shoestring', *Atlantic Monthly*, Jan, vol. 281, no. 1, pp.34-39.

Bornstein, D 2003, *How to change the world: Social Entrepreneurs and the power of new ideas*, New York: Oxford University Press.

Bornstein, D 2004, 'Access to the global highway', *European business Forum*, Autumn, no. 19, pp. 27-28.

Boschee, J 2006, 'Strategic Marketing for Social Entrepreneurs' adapted from a four-part series appearing originally in the *Social Enterprise Reporter*.

Brace, I 2004, *Questionnaire design; How to plan, structure and write survey material for effective market research*, Kogan Page Ltd, London & Sterling VA.

Brettel, M, Engelen, A, Heinemann, F & Vadhanasindhu, P 2008, 'antecedents of market orientation: A Cross-Cultural Comparison', *Journal of International Marketing*, vol. 16 no. 2, pp. 84-119.

Brown, TE, Davidsson, P & Wiklund, J 2001, 'An Operationalization of Stevenson's conceptualization of entrepreneurship as opportunity-based firm behaviour', *Strategic Management Journal*, Oct, vol. 22 no. 10, p. 953.

Bureaucracy definition, viewed 35 September 2011, <<http://www.merriam-webster.com/dictionary/bureaucracy>>.

Burgess, M & Nyajeka, P 2007, 'market orientation and Performance in Low-Income countries: The case of Zimbabwean Retailers', *Product and Market Development for Subsistence Marketplaces*, vol. 20, pp. 215-257.

Burlingame, D & Young, D 1996, *Corporate Philanthropy at the Crossroads*, Indiana University Press, Bloomington, IN.

Burns, AC & Bush, RF 1995, *Marketing Research*, Prentice-Hall, Englewood Cliffs.

Cadogan, JW, Diamantopoulos, A 1995, 'Narver and Slater, Kohli and Jaworski and the market orientation construct: integration and internationalization', *Journal of Strategic Marketing*, Mar, vol. 3, no. 1, pp. 41-60.

Campbell, B, 1999, 'Who are my donors non-profit institutions', *Fund Raising Management*, Sept, vol. 30, no. 7, pp. 28-34.

Campbell, S 1997, 'Social entrepreneurship: How to develop new social-purpose business ventures', *Health Care Strategic, Management*, vol. 16 no. 5, pp. 17-18.

Cano, CR, Carrillat, FA & Jaramillo, F 2004, 'A meta-analysis of the relationship between market orientation and business performance: Evidence from five continents'. *International Journal of Research in Marketing*, no. 212, pp. 179-200.

Cary, M 1991, 'Any research is better than none', *Fundraising Management*, June, vol. 22, no. 4, pp. 36-38.

CCSE, 2001 CCSE Canadian Centre for Social Entrepreneurship, February, Social Entrepreneurship Discussion Paper no. 1.

Certo, TS, Miller, T 2008, 'Social entrepreneurship: Key issues and concepts', *business Horizons*, Jul, vol. 51, no. 4, pp. 267-271.



Cervera, A, Molla, A & Sanchez, M 2001, 'Antecedents and consequences of market orientation in public organisations', *European Journal of Marketing*, vol. 35, no. 11/12, pp. 1259-1286.

Chait, RP, Holland, TP & Taylor, BE 1991, *The Effective Board of Trustees*, American Council on Education/Oryx Press.

Chait, RP, Holland, TP & Taylor, BE 1996, *Improving the Performance of Governing Boards*, Phoenix, Ariz: American Council on Education/Oryx Press.

Chan, R & Chau, A 1998, 'Do Marketing-Oriented Children and Youth Centres CYCs Perform Better', *Journal of Professional Services Marketing*, vol. 17 no. 1, pp15-29.

Chaney, I & Nitha, D 2001, 'Cause related marketing in New Zealand', *International Journal of non-profit and voluntary Sector Marketing*, vol. 6, no 2, pp. 156-163.

Chattananon, A 2003, 'The impact of societal marketing programs on customer attitudes toward corporate image in Thailand', Dissertation submitted to University of Southern Queensland.

Chelariu, C, Ouattarra, A & Dadzie, KQ 2002, 'market orientation in Ivory Coast: Measurement Validity and organisational antecedents in a Sub-Saharan African economy', *Journal of business and Industrial Marketing*, vol. 17, no 6, pp. 456-470.

Chipp, K, Hoenig, S & Nel, D 2006, 'What Can Industrializing Countries Do to Avoid the Need for Marketing Reform?', In Jagdish N. Sheth and Rajendras S. Sisodia, eds., *Does Marketing Need Reform?* Armonk, NY, ME Sharpe, Inc., 222-228.

Chiquan G, Kumar, A & Jiraporn, P 2004, 'Customer satisfaction and profitability: is there a lagged effect?' *Journal of Strategic Marketing*, Sep, vol. 12, no. 3, pp.129-144.

Christopher, M 1998, 'Relationship Marketing', *Arts business*, 7th December, pp. 9-10.

Churchill, GA Jr 1995, *Marketing Research: Methodological Foundations*, 6th edn, Dryden Press, New York.

Clohesy, W 2003, 'Commentary: Fund-Raising and the Articulation of Common Goods', *Nonprofit and voluntary Sector Quarterly*, March, vol. 32, no. 1, pp.128-140.

Coakes, S, Steed, L & Dzidic, P 2006, *SPSS version 13.0 for Windows Analysis without the anguish*, John Wiley & Sons Australia, Ltd.

Conant, JS, Mokwa, MP & Varadarajan, RP 1990, 'Strategic types, distinctive marketing competencies and organisational performance: A multiple measures-based study', *Strategic Management Journal*, September, vol. 11, no. 5, pp. 365-383.

Conducting an In-depth Interview, viewed 12th November 2007, <<http://edis.ifas.ufl.edu/pdf/files/FY/FY39300.pdf>>.

Conway, T & Whitelock, J 2004, 'Can relationship marketing enhance strategic thinking in the public sector? A study of the perceived relationship between subsidized theatres and their government funders/regulators', *International Journal of non-profit and voluntary Sector Marketing*, vol. 9, no. 4, pp. 320-332.

Cook, B, Dodds, C & Mitchell, W 2001, 'Social entrepreneurship: False premises and dangerous forebodings', Centre of Full Employment and Equity, University of Newcastle, Working Paper no. 01-24.

Cooper, D. R. & Schindler, P.S. 2001, *business Research Methods*, Seventh edition, McGraw Hill, Singapore.

Cooperrider, DI & Pasmore, WA 1991, 'Global Social Change: A New Agenda for Social Science?', *Human Relations*, vol. 44, no. 10, pp. 1037-1055.

Corman, J & Lussier, RN 1996, *Small business Management - A Planning Approach*, Richard D. Irwin, Boston, MA.

Cornwall, J 1998, 'The entrepreneur as building block for community', *Journal of Developmental Entrepreneurship*, 3 2 1998, pp. 141-148.

Cousin, L 1990, 'Marketing planning in the public and non-profit sectors' *European Journal of Marketing*, vol. 24, no. 7, pp. 15-30.

Covin, J & Slevin, D 1993, 'A Response to Zhara's 'Critique and Extension' of the Covin-Slevin Entrepreneurship model.' *Entrepreneurship: Theory & Practice*, Summer, vol. 17 no. 4, pp.23-28.

Covin, JG & Slevin, DP 1991, 'A Conceptual model of Entrepreneurship as Firm Behavior', *Entrepreneurship Theory and Practice*, Fall, pp. 7-25.

Covin, JG & Slevin, DP Slevin 1989, 'Strategic Management of Small Firms in Hostile and Benign Environment', *Strategic Management Journal*, 10, pp. 75-87.

Covin, JG. & Slevin, DP 1988, 'The Influence of organisation Structure on the Utility of an Entrepreneurial Top Management Style', *Journal of Management Studies*, 253, pp. 217-234.

Covin, JG. & Slevin, DP 1990, 'New Venture Strategic Posture, Structure, and Performance: An Industry Life Cycle Analysis', *Journal of business Venturing*, 5, 123-135.

Creswell, JW & Clarke, VL 2007, *Designing and conducting mixed methods research*, Thousand Oaks, CA: Sage Publications.

Creswell, JW 2003, *Research design: Qualitative, quantitative, and mixed methods approaches*, 2nd ed. Thousand Oaks, CA: Sage.

Creswell, JW, Plano Clark, VL, Gutmann, M & Hanson, W 2003, *Advanced mixed methods research designs*. In A. Tashakkori & C. Teddlie Eds., *Handbook of mixed methods in social and behavioural research* pp. 209-240. Thousand Oaks, CA: Sage

Creswell, JW, Tashakkori, A, Jensen, KD & Shapley, KL 2003, *Teaching mixed methods research: Practices, dilemmas, and challenges*. In A. Tashakkori & C. Teddlie Eds., *Handbook of mixed methods in social and behavioural research* pp. 619-637. Thousand Oaks, CA: Sage.

Culkin, N & Smith, D 2000, 'An emotional business: a guide to understanding the motivations of small business decision takers', *Qualitative Market Research: An International Journal*, vol. 3 no. 3, pp.145-5.

Cutrer, E 2005, 'Student Social Entrepreneurs: A classroom call to action' *Peer Review*, Spring 2005, vol. 7 no. 3, pg 27-28

Dabbs, G 1991, 'Nonprofit businesses in the 1990s: models for success' *Business Horizons*, Sept-Oct, vol. 34 no. 5, pp. 68-72.

Davis, JE 1997, 'Two questions which opened the door to organisational growth', *Journal of Workplace Learning*, 94: pp.116-123.

Day G & Nedungadi P 1994, 'Managerial Representations of Competitive Advantage', *Journal of Marketing*, 58 April, pp. 31-44.

Day, GS & Wensley, R 1988, 'Assessing competitive advantage: a framework for diagnosing competitive superiority', *Journal of Marketing* 52, pp. 1-20.

Decker, B 1985 'A Description and Analysis in terms of Kotler's Marketing Orientation of Selected University Marketing Agencies which sell faculty-developed non-profit materials', Dissertation, Michigan State University.

Dees, G 1998, 'Enterprising nonprofits', *Harvard Business Review*, January - February, pp.55-67.

Dees, GJ & Anderson, B 2003, 'Sector-Bending: Blurring Lines Between Non-Profit and For-Profit' *Society*, May/Jun, vol. 40, no. 4, pp.16-27.

Department of Social Development, viewed 15 June 2007, 12 June 2012  
<<http://www.dsd.gov.za>>.

Department of Trade and Industry, viewed 9 February 2006,  
<<http://dti.gov.uk/socialenterprise>>.

Deshpande, R & Farley, JU 2004, 'organisational culture, market orientation, innovativeness, and firm performance: An international research odyssey', *International Journal of Research in Marketing*, 211, pp. 3-22.

Deshpande, R, Farley, JU & Webster Jr, FE 1993, 'Corporate culture, customer orientation, and innovativeness in Japanese firms: a quadrad analysis', *Journal of Marketing*, vol 57 1, pp. 23-37.

Dibb, S, Rushmer, A & Stern, P 2001, 'New survey medium: Collecting marketing data with e-mail and the World Wide Web', *Journal of Targeting, Measurement and Analysis for Marketing*, vol. 10, no. 1, pp. 17-25.

Dillman, D 2000, *Mail and Internet surveys; The tailored design method*, 2nd edition. New York: John Wiley and Sons.

Docherty, S & Hibbert, S 2003, 'Examining company experiences of a UK cause-related marketing campaign', *International Journal of Non-profit and Voluntary Sector Marketing*, vol. 8, no. 4, pp. 378-390.

Doyle, P 2000, 'Value-based marketing' *Journal of Strategic Marketing*, Dec, vol. 8, no. 4, pp. 299-311.

Doyle, P 2001, 'Building value-based branding strategies' *Journal of Strategic Marketing*, Dec, vol. 9, no. 4, pp. 255-268.

Drayton, B 2005, 'Everyone a Changemaker' *Peer Review*, Spring, vol. 7, no. 3, pp. 8-11.

Drayton, W 2002, 'The Citizen Sector: Becoming as Entrepreneurial and competitive as business', *California Management Review*, Spring, vol. 44, no. 3, pp.120-132.

Drucker, P 1990, 'The Third Sector: America's non-Market Counterculture', *New Perspectives Quarterly*, Spring, vol. 7, no. 2, pp. 49-51.

Drucker, PE 1989, 'What business can learn from non-profits', *Harvard Business Review*, Jul/Aug, vol. 67, no. 4, pp.88-94.

Drumwright, ME & Murphy, P 2001, *Corporate societal marketing*' in Bloom P.N. and Gundlach,G.T eds *The Handbook of Marketing and Society*, Thousand Oaks, CA, p 168-183.

Dunn M, Birley S & Norburn D 1986, 'The Marketing Concept and the Smaller Firm', *Marketing Intelligence and Planning*, no. 43, pp. 3-11.

Duque-Zuluaga, LC & Schneider, U 2008, 'Market orientation and organisational Performance in the non-profit context: Exploring Both Concepts and the Relationship Between Them' *Journal of nonprofit & Public Sector Marketing*, vol. 19, no. 2, pp. 25-47.

Dyer S, Buell, T, Harrison, M & Weber, S 2002, 'Managing public relations in non-profit organisations' *Public Relations Quarterly*, Winter, vol.47, no. 4, p. 365.

Easterby-Smith, M, Thorpe, R & Lowe, A 1991 *Management Research: an Introduction*, Sage, London.

Economic Assessment of South Africa 2008: Achieving Accelerated and Shared Growth for South Africa, viewed June 12, 2012 <[www.oecd.org](http://www.oecd.org)>.

Eikenberry, A. & Kluver, J 2004, 'The Marketization of the Non-profit Sector: Civil Society at Risk?', *Public Administration Review*, March, vol. 64, no. 2, pp. 132-140.

Emerson J 2003, 'The Blended Value Map', viewed 12th February 2007, <<http://www.blendedvalue.org>>.

Emory, CW & Cooper, DR 1991, *Business Research Methods*, Irwin, Homewood.

Farley, J, Hoenig, S & Ismail, Z 2008, 'Organisational Culture, Innovativeness, Market Orientation and Firm Performance in South Africa: An Interdisciplinary Perspective' *Journal of African Business*, vol. 9, no. 1, pp. 59-76.

Financial Sustainability definition, viewed 7 February 2007, <<http://www.usaid.gov/pubs/sourcebook/usgov/glos.html>>.

Fodness, D 2005, 'Rethinking strategic marketing: achieving breakthrough results', *Journal of Business Strategy*, June , vol. 26, no.3, pp. 20-34.

Frazer, L & Lawley, M 2000, *Questionnaire Design and Administration: A Practical Guide*, John Wiley & Sons Australia, Singapore.

Fromherzm, K 2006, 'Cause-Related Marketing', *American Nurseryman*, March 15, pp. 46-49.

Furlong, NE, Lovelace, EA & Lovelace, KL 2000, *Research Methods and Statistics: An Integrated Approach*, Harcourt College Publishers, U.S.A.

Gainer, B & Padanyi, P 2002, 'Applying the marketing concept to cultural organisations: An empirical study of the relationship between market orientation and performance', *International Journal of nonprofit & voluntary Sector Marketing*, May, vol. 7, no. 2, p.182.

Gainer, B & Padanyi, P 2005, 'The relationship between market-oriented activities and market-oriented culture: implications for the development of market orientation in non-profit service organisations', *Journal of Business Research*; Jun, vol. 58, no. 6, pp. 854-862.

Gallagher, K & Weinberg, G 1991, 'Coping with success: new challenges for non-profit marketing', *Sloan Management Review*, vol.33, no. 1, pp. 27-36.

Gelatt, JP 1992, *Managing non-profit organisations in the 21st Century*, Oryx Press, Phoenix, Arizona, Preface, p x-xiii.

Golafshani, N (2003) 'Understanding Reliability and Validity in Qualitative Research' *The Qualitative Report*, vol. 8, no. 4, December pp. 597-607.

Gold, M 2004, 'Making the business-nonprofit partnership a Win-Win' *nonprofit World*, *Journal of Marketing*, vol. 22, no. 1, Jan-Feb, pp. 7-8.

Gonzalez L, Vijande M & Casielles R 2002, 'The market orientation concept in the private non-profit organisation domain', *International journal of Non-profit and voluntary sector marketing*, vol. 7, no. 1, pp. 55-67.

Goosen, CJ, de Coning TJ & Smit, E vdM 2002, 'Corporate entrepreneurship and financial performance: The role of management', *South African Journal of Business Management*, vol. 33, no. 4, pp.21-27.

Graham, J 2004, 'How do small business managers make strategic marketing decisions? A model of process', *European Journal of Marketing*, May 1, vol. 34, no. 5, p. 659.

Greene, JC & Caracelli, VJ 1997, *Advances in mixed-method evaluation: The challenges and benefits of integrating diverse paradigms: New directions for evaluation*, 74. San Francisco: Jossey-Bass.



Greene, JC & Caracelli, VJ 2003, Making paradigmatic sense of mixed methods practice. In A. Tashakkori & C. Teddlie Eds., *Handbook of mixed methods in social and behavioural research* pp. 91-110. Thousand Oaks, CA: Sage.

Greene, JC, Caracelli, VJ & Graham, WF 1989, 'Toward a conceptual framework for mixed-method evaluation designs', *Educational Evaluation and Policy Analysis*, 11, pp. 255–274.

Greenley G & Matcham A 1986, 'Marketing Orientation in the Service of Incoming Tourism', *European Journal of Marketing*, vol. 20, no. 7, pp. 64-73.

Greenley G 1995, 'Forms of market orientation in UK Companies', *Journal of Management Studies*, vol. 32, no. 1, January, pp. 47-66.

Guba, EG & Lincoln, YS 2005, Paradigmatic controversies, contradictions and emerging confluences. In NK Denzin & YS Lincoln Eds., *The Sage handbook of qualitative research* 3rd ed., pp.191-215e. Thousand Oaks, CA: Sage.

Guclu, AJ, Dees, G & Anderson, BB 2002, 'The Process of Social Entrepreneurship: Creating Opportunities Worthy of Serious Pursuit', Fuqua School of Business, Version A 24th October.

Hager, M, Rooney, P & Pollak, T 2002, 'How fundraising is carried out in US non-profit organisations', *International Journal of non-profit and voluntary Sector Marketing*, vol. 7, no. 4, pp. 311-324.

Hall, M 2002, 'Fundraising and public relations: A comparison of programme concepts and characteristics', *International Journal of nonprofit and voluntary Sector Marketing*, vol. 7, no. 4, pp. 368 - 381.

Hamel, G & Prahalad, CK 1994, 'Competing for the future', *Harvard Business Review*, Jul/Aug, vol. 72, no. 4, pp. 122-129.

Hardy, K 1991, 'Marketing an institution Making marketing work' *Business quarterly*, Autumn, vol. 561-2, p. 78.

Harrison-Walker, LJ 2001, 'The measurement of a market orientation and its impact on business performance', *Journal of Quality Management*, vol. 6, no. 2, pp. 139-172.

Harry, M & Schroeder, R 2000, *Six Sigma: The breakthrough management strategy revolutionizing the world's top corporations*, A Currency book, Doubleday, New York NY.

Harvard Business School, viewed nov 16, 2011, <<http://hbswk.hbs.edu/archive/1957.html>>.

Hashim, F, Bakar, A & Rahim, A 2011, 'Antecedents and consequences of market orientation in non-profit organisations: Evidence from Malaysia', *International Journal of Management & Marketing Research*, vol. 4, no. 3, pp. 95-105.

Haugland, SA, Myrtveit, I & Nygaard, A 2007, 'Market orientation and performance in the service industry: A data envelopment analysis', *Journal of Business Research*, Nov, vol. 60, no. 11, pp.1191-1197.

Heerwegh, D, Vanhove, T, Matthijs, K & Loosveldt, G 2005, 'The effect of personalization on response rates and data quality in web surveys'. *International Journal of Social Research Methodology*, vol. 8, no.2 pp. 85-99.

Heiens, R, Pleshko, L & Leach, R 2004, 'Examining the effects of strategic marketing initiative and first-mover efforts on market share performance', *Marketing Management Journal*, Spring, vol. 14, no. 1, pp. 63-70.

Henton, D, Melville, J & Walesh, K 1997, 'The age of the civic entrepreneur: Restoring civil society and building economic community', *National Civic Review*, Vol. 86, pp. 149–156.

Herman, R 1990, 'Methodological issues in Studying the Effectiveness of nongovernmental and nonprofit organisations', *Nonprofit and Voluntary Sector Quarterly*, vol. 19, Fall, pp. 293-307.

Herman, RD & Heimovics, RD 1994, 'A Cross-National Study of a Method for Researching Non-profit Organisational Effectiveness', *Voluntas*, vol. 5, pp. 86-100.

Herman, RD & Renz, DO 2008, 'Advancing non-profit organisational effectiveness research and theory: Nine theses', *Nonprofit Management & Leadership*, Summer, vol. 18, no. 4, pp. 399-415.

Herman, RD, Renz, DO & Heimovics, RD 1997, 'Board Practices and Board Effectiveness in Local nonprofit organisations', *Non-profit Management and Leadership*, p. 7.

Herzlinger, RE 1996, 'Can Public Trust in nonprofits and Governments be restored?' *Harvard Business Review*, Mar.-Apr, pp.66-78.

Hibbert, SA & Horne, S 1997, 'Donation Dilemmas: A Consumer Behaviour Perspective', *Journal of Non-profit and Voluntary Sector Marketing*, vol. 2, no. 3, pp. 261-274.

Hibbert, SA, Hogg, G & Quinn, T 2001, 'Consumer response to social entrepreneurship: The case of the Big no. in Scotland', *International Journal of nonprofit and voluntary Sector Marketing*, vol.7, pp. 288–301.

Hibbert, SA, Hogg, G & Quinn, T 2002, 'Consumer response to social entrepreneurship: The case of the Big no. in Scotland', *International Journal of nonprofit and voluntary Sector Marketing*, vol. 7 no. 3, pp. 288-301.

Higgins, J 2005, 'The eight 'S's of successful strategy execution', *Journal of Change Management*, March, vol. 5 no. 1, pp. 3-13.

Hill, R, Griffiths, W & Judge, G 2001, *Undergraduate Econometrics*, 2nd edition, John Wiley & Sons, Inc. USA.

Hise, RT 1965, 'Have Manufacturing Firms Adopted the Marketing Concept?', *Journal of Marketing*, 29 July, pp. 9-12.

Hofstede, G 2001, *Cultures consequences: Comparing, values, behaviours, institutions, and organisations across nations* 2nd ed. Thousand Oaks, CA: Sage Publications.

Hooley, G, Fahy, J, Greenley, G, Beracs, J, Fonfara, K, & Snoj, B 2003, 'market orientation in the service sector of the transition economies of central Europe', *European Journal of Marketing*, vol. 37 no. 1/2, pp. 86-106.

Hopper, T, Ogunmokun, G & McClymont, H 2005, 'The effect of strategic marketing planning practices on performance: a study of Australian private hospitals' In: Australian Business & Behavioural Sciences Association ABBSA Conference, 05-07 Aug, Cairns, Australia.

Howard, JA 1983, 'Marketing theory of the firm', *Journal of Marketing*, Fall, vol. 47, no. 4, pp.90-100.

Hult, G Tomas, T, Ketchen, Jr DJ.& Slater, S 2005, 'Market orientation and performance: An Integration of disparate approaches' *Strategic Management Journal*, Dec2005, vol. 26 no. 12, pp.1173-1181.

Hult, G, Tomas,T & Ketchen Jr D 2001, 'Does market orientation Matter?: A test of the relationship between positional advantage and performance', *Strategic Management Journal*, Sep, vol. 22, no. 9, p. 899.

Hultink, EJ, Robben, HS 2004,'The role of pre-development activities in the relationship between market orientation and performance.', *R&D Management*, Jun, vol. 34, no. 3, pp. 295-309.

Hunt, SD, Morgan, RM 1994, 'The comparative advantage theory of competition', *Journal of Marketing*, April, vol. 59, no. 2, pp. 1-15.

Hurley, RF, Hult, G & Tomas, M 1998, 'Innovation, market orientation, and organisational Learning: An Integration and Empirical Examination', *Journal of Marketing*, July, vol. 62, no. 3, pp. 42-54.

Idleman, L 2003, 'Comparing response to mail and web-based surveys', paper presented at the Annual meeting of the American Educational Research Association Chicago, IL, April pp. 21-25.

Ilieva, J, Bacon, S & Healeay, NM 2002, 'Online surveys in marketing research: Pros and cons', *International Journal of Market Research*, vol. 44, no. 4, pp. 440-453.

In-depth Interviews, viewed 12th november 2007, <[http://dcc2.bumc.bu.edu/prdu/INRUD\\_2000\\_CDROM/Manuals/qualitative\\_methods\\_manual/qm\\_ch3.doc](http://dcc2.bumc.bu.edu/prdu/INRUD_2000_CDROM/Manuals/qualitative_methods_manual/qm_ch3.doc)>.

Interviewing in Qualitative Research, viewed 12th November 2007, <<http://www.oup.co.uk/pdf/0-19-874204-5chap15.pdf>>.

Jaworski, BJ & Kohli, AK 1993, 'Market orientation: antecedents and consequences', *Journal of Marketing*, vol. 57, pp 53-70.

Johnson, RB & Onwuegbuzie, AJ 2004, 'Mixed Methods Research' A Research Paradigm Whose Time Has Come' *Educational Researcher*, vol. 33, no. 7, pp. 14-26.

Kanter, RM, Ingols, C, Morgan, E & Seggerman, TK 1987, 'Driving Corporate Entrepreneurship', *Management Review*, Apr, vol. 76, no. 4, p.14.

Kaplan, R & Norton, D 1992, 'The Balanced Scorecard - Measures that drive performance' *Harvard Business Review*, January-February, pp. 71-79.

Kaplan, R & Norton, D 1996, 'Using the Balanced Scorecard as a strategic management system', *Harvard Business Review*, January-February, pp. 75-85.

Kaplan, R & Norton, D 2001, 'The strategy-focused organisation' *Strategy & Leadership*, vol. 29 no. 3, p. 41.

Kaplan, R & Norton, D 2004, 'Measuring the Strategic Readiness of Intangible Assets', *Harvard Business Review*, February, pp. 52-63.

Kaplan, R 2005, 'How the balanced scorecard complements the McKinsey 7-S model', *Strategy & Leadership*, vol. 33, no. 3, pp. 41-46.

Kara A, Spillan J & DeShields O 2004, 'An empirical investigation of the link between market orientation and business performance in non-profit service providers', *Journal of Marketing Theory and Practice*, Spring, pp. 59-72.

Kerin, RA 1992, 'Marketing's Contribution to the Strategy Dialogue Revisited', *Journal of the Academy of Marketing Science*, vol. 20, no.4, pp. 331-334.

Khandwalla, PN 1977, *The design of organisations*. New York: Harcourt Brace Jovanovich Inc., 712p.

King, K & Tchepournyhk, M 2004, 'Corporate giving in the USA: A model for meeting Russia's expanding social needs?', *International Journal of non-profit and Voluntary Sector Marketing*, vol. 9, no 3, pp. 218-228.

King, PJ, & Roberts, NC 1987, 'Policy entrepreneurs: Catalysts for policy innovation', *Journal of State Government*, vol. 60 July–August, pp. 172–178.

Kinney, TC & Taylor, JR 1996, *Marketing Research: An applied approach*, Fifth edition, McGraw Hill, New York.

Kirca, AH, Jayachandran, S & Bearden, WO 2005, 'Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance', *Journal of Marketing*, no. 69, April, pp. 24-41.

Kohli, A, Jaworski, B & Kumar, A 1993, 'MARKOR: A Measure of market orientation', *Journal of Marketing Research*, 30 November, pp. 467-477.

Kohli, AK & Jaworski, BJ 1990, 'Market orientation: The Construct, Research Propositions, and Managerial Implications', *Journal of Marketing*, no. 54, April, pp. 1-18.

Kotler, P & Andreason, A 1996, *Strategic Marketing for nonprofit organisations*, 5th edition, Prentice-Hall, New Jersey.

Kotler, P 1977, 'From Sales Obsession to Marketing Effectiveness', *Harvard Business Review*, no. 55, November-December, pp. 67-75.

Kotler, P 1988, *Marketing Management: Analysis, Planning and Control*, 6th Edition, Prentice Hall International, London 1988.

Kotler, P 2000, *Marketing Management*, Prentice-Hall, Englewood Cliffs, NJ.

Kotler, P 2000, *Marketing Management: the millennium edition*. Upper Saddle River, NJ: Prentice Hall.

Kuada, J, Buatsi, SN 2005, 'Market orientation and Management Practices in Ghanaian Firms: Revisiting the Jaworski and Kohli Framework', *Journal of International Marketing*, vol. 13 no. 1, pp. 58-88.

Kumar, K, Subramanian, R & Yauger, C 1998, 'Examining the market orientation-Performance Relationship: A Context-Specific Study', *Journal of Management*, vol. 24, no. 2, pp. 201-233.

Kvale, S 1996, *An Introduction to Qualitative Research Interviewing*, Thousand Oaks, CA: Sage Publications.

Laing, A & Galbraith, A 1997, 'Matching structure and strategy: Towards a market orientation in health care', *International Journal of nonprofit & voluntary Sector Marketing*, May, vol. 2, no. 2 pp. 114-124.

Langerak, F 2003, 'The effect of market orientation on positional advantage and organisational performance' *Journal of Strategic Marketing*, Jun, vol. 11, no. 2, p93.

Lawrence, K 1999, 'not for profit – top performers show how they drum up business', *Journal of Marketing*, October, pp. 12-19.

Lawton L & Parasurainan A 1980, 'The Impact of Marketing Concept on New Product Planning', *Journal of Marketing*, no. 44, Winter, pp.19-25.

Leadbeater, C 1997, *The rise of the social entrepreneur*, Demos, London.

Leary, MR 1995, *Introduction to Behavioral Research Methods*, 2nd edn, International, Thomson Publishing Inc, U.S.A.

Ledingham, JA & Bruning, SD 2000, *Public relations as relationship management: A relational approach to the study and practice of public relations*, Lawrence Erlbaum Associates, Mahwah, NJ.

Lee, K, Soo, G, Tan, J & Wee, C 2001, 'Generic marketing strategies for small and medium-sized enterprises - conceptual framework and examples from Asia', *Journal of Strategic Marketing*, June 1, vol. 9, no. 2, pp. 145-162.

Lee, S, Yoon, S, Kim, S & Kang, J 2006, 'The integrated effects of market - oriented culture and marketing strategy on firm performance' *Journal of Strategic Marketing*, September, vol. 14, no. 3, pp. 245-261.



Leedy, PD & Ormod, JE 2005, *Practical Research: Planning and Design*, 8th edition, Prentice Hall, New Jersey.

Liao, M, Foreman, S, Sargeant, A 2001, 'Market versus societal orientation in the nonprofit context', *International Journal of nonprofit & voluntary Sector Marketing*, Sep2001, vol. 6, no. 3, pp.254-269.

Lincoln, YS & Guba, EG 2000, *Paradigmatic controversies, contradictions and emerging confluences*. In Denzin, NK & Lincoln, YS Eds., *Handbook of qualitative research* 2nd ed., pp.163-188. Thousand Oaks, CA: Sage.

Lings, IN & Greenley, GE 2009, 'The impact of internal and external market orientations on firm performance.', *Journal of Strategic Marketing*, Feb, vol. 17, no. 1, pp. 41-53.

Liraz, M 2002, 'Avoid Big Marketing Mistakes', *Art business News*, June 2002, vol. 29, no. 6, p. 10.

Liu, SS, Luo, X & Shi, Y 2003, 'Market-oriented organisations in an emerging economy: A study of missing links.', *Journal of Business Research*, Jun, vol. 56, no. 6, pp. 481-492.

Lorterapong, A 2005, 'Factors influencing consumer intentions to purchase seasonally discounted Reebok athletic footwear', Other thesis, University of Southern Queensland.

Lusch, R & Laczniak, L 1987, 'The Evolving Marketing Concept, Competitive Intensity and Organisational Performance', *Journal of the Academy of Marketing Science*, no. 15, Fall, pp.1-11.

Lusch, R Udell, J & Laczniak, G 1976, 'The Future of Marketing Strategy,' *Business Horizons*, 19 December, pp. 65-74.

Magee, MP 2004, 'Civic Enterprise' Blueprint, December, no. 4, pp. 38-39.

McCullough, J, Heng, L & Khem, G 1986, 'Measuring the Marketing Orientation of Retail Operations of International Banks', *International Journal of Bank Marketing*, no. 43, pp. 9-18.

McDonald, H & Adam, S 2003, 'A comparison of online and postal data collection methods in marketing research', *Marketing Intelligence and Planning*, vol. 21, no. 2, pp. 85-95.

McNamara, CP 1972, 'The Present Status of the Marketing Concept', *Journal of Marketing*, no. 36, January, pp. 50-57.

Meyer, H 1999, 'When the Cause is Just', *Journal of Business Strategy*, vol 20, no 6, pp. 27-31.

Meziou, F 1991, 'Areas of Strength and Weakness in the Adoption of the Marketing Concept by Small Manufacturing Firms', *Journal of Small Business Management*, 29 October, pp. 72-78.

Michaelidou, N & Dibb, S 2006, 'Using email questionnaires for research: Good practice in tackling non-response', *Journal of Targeting, Measurement and Analysis for Marketing*, vol. 14, no. 4, pp. 289-296.

Miles, MP & Arnold, DR 1991, 'The Relationship Between Marketing Orientation and Entrepreneurial Orientation', *Entrepreneurship: Theory & Practice*, Summer, vol. 15, no. 4, pp. 49-65.

Moller, K & Halinen, A 2000, 'Relationship Marketing Theory: Its Roots and Direction', *Journal of Marketing Management*, vol. 16, pp. 29-54.

Morris, MH & Sexton, DL 1996, 'The concept of entrepreneurial intensity: Implications for company performance', *Journal of Business Research*, no. 34, pp. 5-13.

Movondo, F 1999, 'Environment and strategy as antecedents for marketing effectiveness and organisational performance', *Journal of Strategic Marketing*, December, vol. 7, no. 4, pp. 237-250.

Munsinger, GM 1964, 'Total Marketing: The Role of the Marketing Concept in 112 Leading Industrial organisations', Dissertation, University of Arkansas.

Naidu, G & Narayana, C 1991, 'How Marketing Oriented are Hospitals in a Declining Market?', *Journal of Health Care Marketing*, no. 11, March, pp. 23-30.

Narver, J & Slater, S 1994, 'market orientation, Customer Value, and Superior Performance', *business Horizons*, no. 37, March-April, pp. 22-28.

Narver, JC & Slater, SF 1990, 'The Effect of a Market Orientation of Business Profitability', *Journal of Marketing*, October, pp. 20-35.

NCCS, viewed Dec 23, 2009, <<http://nccsdataweb.urban.org>>.

Nebenzahl, ID & Jaffe, ED 1995, 'Facsimile transmission versus mail delivery of self-administered in industrial surveys', *Industrial Marketing Management* vol. 24, no. 3, pp. 167-175.

Neuman, W 1997, *Social Research Methods: Qualitative and Quantitative Approaches*, 3rd edn, Allyn & Bacon, U.S.A.

Neuman, WL 1994, *Social Research Methods*, Second edition, Allyn & Bacon, Boston.

Newman, KL & Nollen, SD 1996, 'Culture and congruence: The fit between management practices and national culture' *Journal of International Business Studies*, vol. 27, no. 4, pp. 753-779.

Noble, C, Sinha, RK & Kumar, A 2002, 'Market orientation and Alternative Strategic Orientations: A Longitudinal Assessment of Performance Implications', *Journal of Marketing*, Oct2002, vol. 66, no. 4, pp. 25-39.

Norburn, D, Birley, S, Dunn, M & Payne, A 1990, 'A Four Nation Study of the Relationship between Marketing Effectiveness, Corporate Culture, Corporate Values, and market orientation', *Journal of International Business Studies*, vol. 21 no. 3, pp. 451-468.

Padanyi, P & Gainer, B 2004, 'Market orientation in the nonprofit Sector: Taking Multiple Constituencies into Consideration' *Journal of Marketing Theory & Practice*, Spring, vol. 12, no. 2, pp. 43-58.

Parasuraman, A 1983, 'Marketing-Orientation of Industrial vs. Consumer Goods Firms', *Akron Business and Economic Review*, no. 14, Summer, pp. 41-44.

Patton, M.Q. 2002, *Qualitative evaluation and research methods* 3<sup>rd</sup> Edition. Thousand Oaks, CA: Sage Publications, Inc.

Pelham, A & Wilson, D 1996, 'A Longitudinal Study of the Impact of Market Structure, Firm Structure, Strategy, and Market Orientation Culture on Dimensions of Small-Firm Performance', *Journal of the Academy of Marketing Science*, vol. 24, no. 1, Winter, pp. 27-43.

Peterson, R 1989, 'Small Business Adoption of the Marketing Concept vs. Other business Strategies', *Journal of Small Business Management*, no. 27, January, pp. 38-46.

Polonski, MJ & MacDonald, EK 2000, 'Exploring the link between cause-related marketing and brand building', *Journal of Non-profit and Volunteer Sector Marketing*, vol. 5, no. 1, pp. 46-57.

Polonski, MJ & Wood, G 2001, 'Can the over commercialization of cause-related marketing harm society?', *Journal of Macromarketing*, vol 21, no 1, June, pp. 8-22.

Porter, ME & Kramer MR, 2006, 'Strategy & Society: The link between competitive advantage and Corporate Social Responsibility', *Harvard Business Review*, December, pp. 78-93.

Prabhu, GN 1998, 'Social Entrepreneurial Management', *Leadership in Management*, viewed 25th June 2007, <[www.mcb.co.uk/services/services/conferenc/sept98/lim/paper\\_a2.htm](http://www.mcb.co.uk/services/services/conferenc/sept98/lim/paper_a2.htm)>.

Purdue, D 2001, 'Neighbourhood Governance: Leadership, Trust and Social Capital', *Urban Studies*, Nov 2001, vol. 38, no. 12, pp. 2211-2224.

Qu, R & Ennew, C 2003, 'An examination of the consequences of market orientation in China', *Journal of Strategic Marketing*, Sep, vol. 11, no. 3, p. 201.

Qureshi, S 1993, 'Market Driven Public Institutions Attract Resources', *Journal of Professional Services Marketing*, no. 92, pp. 83-92.

Raju, PS, Lonial, SC & Gupta, YP 1995, 'Market orientation and performance in the hospital industry', *Journal of Health Care Marketing*, vol. 15, no. 4, pp. 34-41.

Ramachandran, V & Shah, MK 1999, 'Minority Entrepreneurs and Firm Performance in Sub-Saharan Africa', *The Journal of Development Studies*, vol. 36, no. 2, Dec, pp. 71-87.

Rees, P & Gardner, H 2003, 'Best value, partnerships and relationship marketing in local government', *International Journal of Non-profit and Voluntary Sector Marketing* May, vol. 8, no. 2, pp. 143-153.

Rooney, P & Pollak, T 2002, 'How fundraising is carried out in US non-profit organisations', *International Journal of Non-profit and Voluntary Sector Marketing*, vol. 7, no. 4, pp. 311-320.

Roper, J & Cheney, G 2005, 'The meanings of social entrepreneurship today', *Corporate Governance: The International Journal of Effective Board Performance*, vol. 5, no. 3, pp. 95-104

Roy, A & Berger, PD 2005, 'E-mail and mixed mode database surveys revisited: Exploratory analyses of factors affecting response rates', *Database Marketing and Customer Strategy Management*, vol. 12, no. 2, pp. 153-171.

Rubin, HJ & Rubin, IS 2004, *Qualitative interviewing: The art of hearing data*, 2nd ed. Thousand Oaks, CA: Sage Publications.

Ruekert, RW 1992, 'Developing a market orientation: An Organisational Strategy Perspective', *International Journal of Research in Marketing*, vol. 9, no. 3, pp. 225-245.

Ryan, WP 1999, 'The new landscape for nonprofits', *Harvard Business Review*, vol. 77, no. 1, pp. 127-136.

Saker, J & Smith, G 1997, 'Towards culture-driven strategic marketing planning: the use of participatory action research', *Journal of Strategic Marketing*, September 1, vol. 5, no. 3, pp. 127-141.

SANGOCO, viewed 5 February 2006, <<http://www.sangoco.org.za>>.

Santos, M, Sanzo, M, Álvarez González, L & Casielles, R 2005, 'Effects of market orientation on business strategic behaviour', *Journal of Strategic Marketing*, Mar, vol. 13, no. 1, pp. 17-42.

Sargeant, A 1999, 'Charitable Giving: Towards a model of Donor Behaviour', *Journal of Marketing Management*, vol. 15, pp. 215-238.

Sargeant, A, Foreman, S & Liao, M 2002 'Operationalizing the Marketing Concept in the nonprofit Sector', *Journal of nonprofit & Public Sector Marketing*, vol. 10, no. 2, pp. 41-66.

Sayer, K 2004, 'Making the case for investment in fundraising', *International Journal of Non-profit and Voluntary Sector Marketing*, May, vol. 9, no. 2, p. 159.

Scanlan E, 2001, 'Strategic task forces', *International Journal of Non-profit and Voluntary Sector Marketing* vol. 7, no. 4, pp. 334-340.

Schein E, 2010 *Organizational Culture and Leadership*, Third edition, John Wiley & Sons, New York.

Schollhammer H, 1982, 'Internal Corporate Entrepreneurship', In C. Kent, D. Sexton and K. Vesper (eds.), *Encyclopedia of Entrepreneurship*, Prentice Hall, Englewood Clipp.

Seelos, C & Mair, J 2005, 'Social entrepreneurship: Creating new business models to serve the poor', *Business Horizons*, May/Jun, vol. 48, no. 3, pp. 241-246.

Sekaran, U 2000, *Research Methods for business: A skill-building approach*, Third edition, John Wiley & Sons, New York.

Shaw, E & Carter, S 2007, 'Social entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes', *Journal of Small business and Enterprise Development*, August, vol. 14, no.3 pp. 418-434. Shaw, E,

Shaw, J & Wilson, M 2002, 'Unsung entrepreneurs: Entrepreneurship for social gain', University of Durham Business School – The Barclays Centre for Entrepreneurship, Durham, UK 2002.

Shelley, L & Polonsky, MJ 2002, 'Do charitable causes need to segment their current donor base on demographic factors? An Australian examination', *International Journal of Non-profit and Voluntary Sector Marketing*, vol. 7, no 1, pp. 19-29.

Shoham, A, Ruvio, A, Vigoda-Gadot, E, Schwabsky, N 2006, 'Market orientations in the nonprofit and voluntary Sector: A Meta-analysis of their relationships with

organisational performance', *Nonprofit and Voluntary Sector Quarterly*, September, vol. 35, no. 3, pp. 453-476.



Siguaw, J, Brown, G, & Widing, R 1994, 'The Influence of the market orientation of the Firm of Sales Force Behaviour and Attitudes', *Journal of Marketing Research*, 31 February, pp. 106-111.

Sin, L & Tse, A 2000, 'How does marketing effectiveness mediate the effect of organisational culture on business performance? The case of service firms', *Journal of Services Marketing*, vol. 14, no. 4, pp. 295-309.

Sin, LYM, Tse, AC, Heung, VCS & Yim, FHK 2005, 'An analysis of the relationship between market orientation and business performance in the hotel industry', *International Journal of Hospitality Management*, December, vol. 24, no. 4, pp. 555-577.

Singh, K 2006, 'Strategic Tools for Social Entrepreneurs: Enhancing The Performance of your enterprising nonprofit', *Administration in Social Work*, vol 30, no. 1, pp. 117-119.

Sitkin, SB & Pablo, AL 1992, 'Reconceptualizing the determinants of risk behavior', *Academy of Management Review*, Jan, vol. 17, no. 1, pp. 9-38.

Sittimalakorn, W & Hart, S 2004, 'Market orientation versus quality orientation: sources of superior business performance', *Journal of Strategic Marketing*, Dec, vol. 12, no. 4, pp. 243-253.

Slater, S & Narver, J 1994, ' Does competitive environment moderate the market orientation-performance relationship?', *Journal of Marketing*, Jan, vol. 58, no. 1, pp. 46-56.

Slater, SF & Narver, J 2000, 'The Positive Effect of a market orientation on business profitability: A Balanced Replication', *Journal of Business Research*, Apr, vol. 48, no. 1, pp. 69-73.

Slater, SF & Narver, JC 1994, 'Does Competitive Environment Moderate the Market Orientation Performance Relationship?', *Journal of Marketing*, no. 58, January, pp. 46-55.

Slater, SF & Narver, JC 1995, 'Market orientation and the learning organisation', *Journal of Marketing*, Jul, vol. 59, no. 3, p. 63.

Slife, BD & Williams, RN 1995, *What's behind the research? Discovering hidden assumptions in the behavioural sciences*. Thousand Oaks, CA: Sage.

Smallbone, D, Evans, M, Ekanem, I & Butters, S 2001, 'Researching social enterprise: Final report to the small business service'. Centre for Enterprise and Economic Development Research, Middlesex University business School, Middlesex University, UK.

Social Enterprise definition, viewed 15 February 2007,  
<<http://www.virtueventures.com>>.

Social Enterprise definition viewed 15 February 2007,  
<<http://www.dti.gov.uk/socialenterprise/>>.

Social Impact definition, viewed 5 June 2012,  
<<http://www.businessdictionary.com/definition/social-impact.html>>.

Social Ventures Australia, viewed 10th September 2006,  
<<http://www.socialventures.com.au/company/>>.

Sorjonen, H 2011, 'The Manifestation of market orientation and Its antecedents in the Program Planning of Arts organisations', *International Journal of Arts Management*, vol 14, no 1, pp. 4-19.

South Africa, viewed 5 February 2006,  
<[http://www.southafrica.info/ess\\_info/sa\\_glance/social\\_delivery/budget2007-social.htm](http://www.southafrica.info/ess_info/sa_glance/social_delivery/budget2007-social.htm)>.

Spring, A 2009, 'African Women in the Entrepreneurial Landscape: Reconsidering the Formal and Informal Sectors', *Journal of African Business*, vol.10, no.1, pp. 11-30.

Srivastava, R, Shervani, T & Fahey, L 1998, 'Market-Based Assets and Shareholder Value: A Framework for Analysis', *Journal of Marketing*, Jan, vol. 62, no. 1, pp. 2-18.

Srivastava, R, Shervani, T & Fahey, L 1999, 'Marketing, Business Processes, and Shareholder Value: An Organisationally Embedded View of Marketing Activities and the Discipline of Marketing', *Journal of Marketing*, October Special, vol. 63, no. 4, pp. 168-179.

Social Value definition, viewed 3 Nov 2011, <<http://hbswk.hbs.edu/archive/1957.html>>

Srivastva, A 2004, 'In Search of noble Organizing: A study in Social Entrepreneurship'. Dissertation.

Staples, C 2004, 'What does corporate social responsibility mean for charitable fundraising in the UK?', *International Journal of Nonprofit and Voluntary Sector Marketing*, May, vol. 9, no. 2, pp. 154-159.

Statistics South Africa, viewed 2 November 2011, <http://www.statssa.gov.za>>.

Strategic marketing, relationship marketing, external environment, definitions, viewed 4th March 2007, <<http://www.businessdictionary.com>>.

Stratis, G & Powers, T 2001, 'The impact of multiple strategic marketing processes on financial performance', *Journal of Strategic Marketing*, September 1, vol. 9, no. 3 pp. 165-191.

Sullivan Mort, G, Weerawardena, J & Carnegie, K 2002, 'Social Entrepreneurship: Towards conceptualisation', *International Journal of Non-profit and Voluntary Sector Marketing*, vol. 8, no. 1, pp. 76-84.

Swaen, V & Vanhamme, J 2004, 'See how 'Good' We are: The Dangers of Using Corporate Social Activities in Communications Campaigns', *Advances in Consumer Research*, vol. 31, pp. 302-303.

Szykman, L 2004, 'Who are you and why are you being nice? Investigating the Industry Effects on Consumer Reaction to Corporate Societal Marketing Efforts', *Advances in Consumer Research*, vol. 31, pp. 306-314.

Tashakkori, A., & Teddlie, C. Eds.. 2003a *Handbook of mixed methods in social and behavioural research*. Thousand Oaks, CA: Sage

Taylor, CR, Kim, KH, Ko, E, ; Park, MH, Kim, DR & Moon, H 2008, 'Does having a market orientation lead to higher levels of relationship commitment and business performance? Evidence from the Korean robotics industry', *Industrial Marketing Management*, Oct, vol. 37, no. 7, pp. 825-832.

The size and scope of the non-profit sector in South Africa 2002, viewed 12 June 2012, <<http://zunia.org/uploads/media/knowledge/rusell.pdf>>.

Thompson, JL 2002, 'The world of the social entrepreneur', *The International Journal of Public Sector Management*, no. 15, pp. 412–431.

Thompson, JL, Alvy, G & Lees, A 2000, 'Social entrepreneurship: A new look at the people and the potential', *Management Decision*, no. 38, pp. 328–338.

Thurstone, LL, 1928, 'Attitudes can be measured', *American Journal of Sociology*, vol. 33, pp.529-54.

Tse, A 1998, 'Comparing the response rate, response speed and response quality of two methods of sending questionnaires: e-mail versus mail', *Journal of the Market Research Society*, vol. 40, no. 4, pp. 353-361.

Tyson, L 2004, 'Good Works - with a business Plan', *Business Week*, 5th March, no. 3881, p. 32.

Tzokas, N, Carter, S & Kyriazopoulos, P 2001 'Marketing and *Entrepreneurial Orientation in Small Firms*', *Enterprise & Innovation Management Studies*, Jan, vol. 2, no. 1, pp. 19-33.

United Nations 2006, Table 15: Inequality in income or expenditure PDF. Human Development Report 2006, United Nations Development Programme. Retrieved on 1 July 2007.

van den Brink, D, Odekerken-Schroder, G & Pauwels, P 2006, 'The effect of strategic and tactical cause-related marketing on consumers brand loyalty', *Journal of Consumer Marketing*, vol. 23, no. 1, pp. 15-25.

Varadarajan, PR & Menon, A 1988, 'Cause-related marketing: A coalignment of marketing strategy and corporate philanthropy', *Journal of Marketing*, vol. 52, July, pp. 58-72.

Vazquez R, Alvarez, L & Santos, M 2002, 'Market orientation and social services in private non-profit organisations', *European Journal of Marketing*, vol. 36, no. 9/10, pp. 1022-1046.

Vorhies, D & Morgan, N 2003, 'A Configuration Theory Assessment of Marketing organisation Fit with business Strategy and Its Relationship with Marketing Performance', *Journal of Marketing*, Jan, vol. 67 no. 1, pp. 100-115.

Voss, G & Voss, B 2000b, 'Strategic Orientation and Firm Performance in an Artistic Environment', *Journal of Marketing*, vol. 64, January, pp. 67-83.

Waddock, SA & Post, JE 1991, 'Social entrepreneurs and catalytic change', *Public Administration Review*, no. 51, pp. 393-407.

Wai-Sum S, Wenchang Fang, A & Tingling Lin, A 2004, 'Strategic marketing practices and the performance of Chinese small and medium-sized enterprises SMEs in Taiwan', *Entrepreneurship & Regional Development*, Mar, vol. 16, no. 2, pp. 161-178.

Walker, C 2002, 'Philanthropy, social capital or strategic alliance? The involvement of senior UK business executives with the voluntary sector and implications for corporate fundraising', *International Journal of Non-profit and Voluntary Sector Marketing*, vol. 7, no. 3, pp. 219-228.

Wallace, N 2006 'International Gathering seeks to give 'social investing' mass appeal', *Chronicle of Philanthropy*, April, vol. 18, no.13, pp. 26-30.

Wallace, SL 1999, 'Social entrepreneurship: The role of social purpose enterprises in facilitating community economic development', *Journal of Developmental Entrepreneurship*, no. 4, pp. 153-174.

Wang, S 2006, ' Money and Autonomy: Patterns of Civil Society Finance and Their Implications' *Studies in Comparative International Development*, Winter, vol. 40 no. 4, pp. 3-29.

Waterman, R, Peters, T, & Phillips, J 1980, 'Structure is not organisation', *Business Horizons*, June, pp. 14-26.

Weerawardena, J & Sullivan Mort, G 2001, 'Learning, Innovation and Competitive Advantage in not-for-Profit Aged Care Marketing: A Conceptual model', *Journal of Non-profit and Public Sector Marketing*, vol. 9, no. 3, pp. 53-73.

Weerawardena, J & Sullivan Mort, G 2006, 'Investigating Social Entrepreneurship' *Journal of World Business*, February, vol. 41, no.1, pp. 21-35.

Weingand, D 1995, 'Preparing for the millennium: that case for using marketing strategies Marketing of Library and Information Services', *Library Trends*, Winter, vol. 43, no. 3, pp. 295-302.

Weinzimmer, L, Bond, E, Houston, M & Nystrom, P 2003, 'Relating marketing expertise on the top management team and strategic market aggressiveness to financial performance and shareholder value', *Journal of Strategic Marketing*, June, vol. 11 no. 2, p. 133.

White, D Simas, D 2008, 'An empirical investigation of the link between market orientation and church performance', *International Journal of Non-profit Voluntary Sector Marketing*, May, pp. 153-165.

Whyte, E 1985, 'A Multivariate Analysis of the Marketing Background and Marketing Orientation of Community Mental Health Center Chief Executive Officers and of Community Mental Health Center Marketing Programs', Dissertation, University of Mississippi.

Wiklund, J & Shepherd, D 2005, 'Entrepreneurial orientation and small business performance: a configurational approach', *Journal of Business Venturing*, Jan, vol. 20 no. 1, pp. 71-91.

Wiklund, J 1999, 'The sustainability of the entrepreneurial orientation-performance relationship', *Entrepreneurship: Theory & Practice*, Fall, vol. 24, no. 1, pp. 39-50.

Wiklund, J 2006, 'The Sustainability of the Entrepreneurial Orientation-Performance Relationship', *Entrepreneurship and the Growth of Firms*, pp. 141-155.

Wilson, A & Laskey, N 2003, 'Internet based marketing research: A serious alternative to traditional research methods?', *Marketing Intelligence and Planning*, vol. 21, no. 2, pp. 79-84.

Wilson, T & Anell, B 2001, 'Competition, the Marketing Concept and Kotler', *Global Competitiveness Annual 2001*, vol. 9, no.1, p. 364.

Winfield, I 2005, 'Fostering Social Entrepreneurship through Liberal Learning in the Social Sciences' *Peer Review*, Spring , vol. 7 no. 3, pp. 15-17.

Wong, V & Saunders, J 1993, 'Business Orientations and Corporate Success', *Journal of Strategic Marketing*, no. 1, March, pp. 20-40.

Wood, R, Bhuian, S & Kiecker, P 2000, 'Market orientation and Organisational Performance in Not-for-Profit Hospitals' *Journal of Business Research*, June, vol. 48, no. 3, pp. 213-226.

Wood, V & Bhuian, S 1993, 'Market orientation and Nonprofit Organisations', *Journal of Nonprofit & Public Sector Marketing*, February, vol. 1, no. 1 pp. 7-32.

Wrenn B 1996, 'What Really Counts when Hospitals adopt a Marketing Orientation: The Contribution of the Components of Marketing Orientation to Hospital Performance', *Journal of Non-profit and Public Sector Marketing*, vol. 3, no. 4, pp. 111-133.

Wrenn, B 1997, 'The market orientation construct: Measurement and scaling no's', *Journal of Marketing Theory & Practice*, Summer, vol. 5, no. 3, p. 31.

Wrenn, B, LaTour, S & Calder, B 1994, 'Difference in Perceptions of Hospital Marketing Orientation between Administrators and Marketing Officers', *Hospital and Health Services Administration*, no. 39, Fall, pp. 341-358.

Wu, S & Hung, J 2007, 'The Performance Measurement of Cause-Related Marketing by Balance Scorecard', *Total Quality Management & Business Excellence* Sept, vol. 18, no. 7, pp. 771-791.

Wulfson, M 2001, 'The ethics of corporate social responsibility and philanthropic ventures', *Journal of Business Ethics*, vol. 29, pp. 135-145.

Yilmaz, C, Alpan, L , & Ergun, E 2005, 'Cultural determinants of customer and learning-oriented value systems and their joint effects on firm performance', *Journal of Business Research*, no. 10, pp. 1340-1352.

Yin, R 2003, *Case Study Research Design and Methods*, third edition, Sage Publications, California USA



Zahra, SA & Covin, G 1995, 'Contextual influences on the corporate entrepreneurship-performance relationship: A longitudinal analysis', *Journal of Business Venturing*, no.10, pp. 43-58.

Zahra, SA 1986, 'A canonical analysis of corporate entrepreneurship antecedents and impact on performance', *Proceedings of the National Academy of Management*, no. 46, pp.71-75.

Zahra, SA 1993b, 'Environment, corporate entrepreneurship and financial performance: A taxonomic approach', *Journal of Business Venturing*, vol. 8, no.4, pp.319-340.

Zahra, SA 1995, 'Corporate entrepreneurship and financial performance: The case of management leveraged buyouts', *Journal of Business Venturing*, no. 10, pp. 225-247.

Zahra, SA 1999, 'The Dynamic Firm: The Role of Technology, Strategy, Organisation, and Regions', *Academy of Management Review*, Oct, vol. 24, no. 4, pp. 861-863.

Zikmund, WG 2003, *Business Research Methods*, Seventh edition, Thomson/South-Western, USA.

Zinkin, J 2006, 'Strategic Marketing: Balancing Customer Value with Shareholder Value', *The Marketing Review*, June, vol. 6 , no. 2, pp.163-181.

## Appendix A – Letter of Introduction

Mrs José Laurel Cross  
136 Observatory Ave  
Dewetshof  
2198

19<sup>th</sup> February 2008

Dear,

You are kindly requested to participate in our doctoral research of the student of the University of Southern Queensland, Australia, on the above topic. It would be appreciated if you could participate in a telephonic in-depth interview that would take approximately one hour. The information resulting in this research will be held in strict confidence and will be used only to gather data for a doctoral study.

Yours sincerely,

Mrs José Laurel Cross  
Manager: MS Commercial  
Ericsson (Pty) Ltd  
Tel: 083 212 2382  
Email: [josecross@hotmail.com](mailto:josecross@hotmail.com)

Dr Jane Summers  
Associate Professor  
Deputy Dean  
Faculty of Business  
University of Southern  
Queensland  
Tel: (+7) 46311290  
Email: [summersj@usq.edu.au](mailto:summersj@usq.edu.au)

## **Appendix B – Guidelines for Depth Interviews**

The purpose of this interview is to get an understanding of your opinion regarding the practice of marketing in South African non-profit organizations?

1. Please can you briefly describe your organization eg: Number of employees, sphere of operations, sector etc...
2. What strategies does your organization use to generate income?
3. Can you outline the various sources of income for your organisation. In relation to each of these sources, what strategies do you employ as a means of increasing revenue?
4. Do you have a dedicated marketing function within the organisation? If so what marketing or promotional activities does your organization engage in eg: advertising, personal selling, market research, product development and design?
5. Do you use specific performance measurement systems by which you gauge the marketing effort in your organization? If so what measures are used, which elements are measured and by whom, how often is the marketing effort reviewed against these measures, what happens with the information?
6. Is the social impact your organization makes in the community an important goal? If so how is it measured and by whom and how often?
7. How does your organization make strategic business decisions?
8. What are your internal planning processes?
9. Do you have a vision and mission statement? Where is it displayed? Does it drive the organisation's activities and planning processes?
10. Do you perform internal and external audits by identifying your internal strengths and weaknesses, and external opportunities and threats, and then analysing these before making strategic marketing decisions? Who does this and how often?
11. Do you have a marketing plan, does it include a brand strategy and communications strategy, can you please explain it in detail?

12. During my research I discovered a number of management challenges for NPOs that impact their long term sustainability and effectiveness. These challenges include:

- a. a lack of strategic focus,
- b. a lack of organizational structure,
- c. a lack of customer orientation and
- d. a lack of relationship marketing practices.

Can you please comment on whether you feel these issues also impact your organisation and to what level. Also please comment on whether you agree that these issues also impact South African NPOs in general and explain your view.

13. What is your understanding of the term ‘welfare dependent’ and do you feel that SA NPOs are welfare dependent? Is this a good or a bad thing?

14. What would you suggest NPOs can do to avoid being welfare dependent?

15. Does your organisation rely on government funding?

16. Have you heard of the concept of a social enterprise, what does this mean to you?

17. What in your opinion, is the difference between a traditional non-profit organization and a social enterprise and do you think this approach is a good one to adopt?

18. Have you heard of the term social entrepreneur, what is your understanding of this term? Would you consider yourself a social entrepreneur, if so why? Why not?

19. What type of processes and practices do you think would improve effectiveness and efficiency of your organisation and NPOs in general.

20. What are your views about the future challenges facing NPOs in South Africa and how should NPOs go about addressing or responding to these challenges?

## Appendix C – In-depth Interview findings

Findings from in-depth interviews of nine opinion leaders from the South African Civil Society Sector on the applicability of the social enterprise business model and the associated strategic marketing approach in South African non-profit organisations

Topic	Findings	A	B	C	D	E	F	G	H	I	Ttl
<b>Business model, objective and organisational structure</b>	Is a traditional non-profit organisation that relies solely on grant funding to create social impact	-	-	√	√	-	√	√	-	-	4
	Is a non-profit organisation that charges fees for products and services, even if at a subsidized rate	√	√	√	-	√	-	-	√	√	6
	Is part of an international non-profit organisation	-	-	√	√	-	√	√	-	√	5
	Was founded by a passionate individual	√	√	-	√	-	√	-	√	√	6
	Was founded by a recognized social entrepreneur	√	√	-	√	-	-	-	-	√	3
	organisation plans strategically, has a vision, mission statement and core values	√	√	√	√	√	√	√	√	√	9
	Has a management team, and a board that governs over management	√	√	√	√		√	√	√	√	8
	Has a team of highly competent, capable and committed people working full time	√			√						2
	Utilizes influential volunteers to raise profile	√			√						2
	Uses the Balanced Scorecard for performance measurement	-		-						√	1
	Has recognized business leaders on the board	√								√	2
	Has implemented a volunteer management system						√				1
	Has policies and procedures documented						√		-		1
	Had external consultants develop organisational structure and performed change management									√	1
	Has a social network of individuals that collaborate with each other				√						1
	Has a business-like approach	√					√				2
Is a social enterprise-type business and creates both social and economic impact	√	√	-	-	√	-	-	√	√	5	

<b>Financial sustainability</b>	Have alternative methods of generating income to ensure sustainability	√	√	-	-	√	√	-	√	√	6
	Has a profit-based business set up to feed money into non-profit organisation	√	√	-	-	-	-	-	√	√	4
	Relies on international donors and foundations for funding		√	√	√		√	√	√	√	7
	Approaches SA corporates for sponsorships and donations	√	-	-	-	-	√	-	√	√	4
	Relies on South African government for funding	-	-	-	-	-	-	-	-	-	0
	Admitted being in financial trouble and their organisation's survival is in jeopardy	-	-	-	-	-	-	-	√	-	1
<b>Marketing Function</b>	Has a marketing function and marketing plan	√	-	-	-	√	-	-	√	√	3
	Has a full time employee/s dedicated to marketing	√	-	-	-	√	-	-	√	√	3
	Has a full time employee dedicated to resource mobilization			√		-	√	-	√	√	4
	Uses external consultant to develop marketing/branding/communications strategy	√	-	-	-	√					2
	Uses external consultant to complete donor reports								√		1
	Has performance measurement systems to manage the marketing effort in your organisation	-	-	-	-	-	-	-	-	√	1
	Performs internal and external audits by identifying internal strengths and weaknesses, and external opportunities and threats, and then analyse these before making strategic decisions	√	√	√			√		√	√	6
	Has had an external consultant perform audits	-	-	√					√	√	3
	Conducts environmental scanning or competitor analysis	-	-	-	-	-	√	-	-	-	1
	Has a value proposition	√				√	√			√	4
	Conducts market research	-	-	-							0
	Performs advertising and promotional activities	√	-	-							1
	Has a brand strategy and a communications strategy	√	-	√							2
	Profiling is done through building strong relationships with the media	√									1
	Has an external media relations person									√	1
Profiling is done through advocacy and lobbying work		-	√							1	
<b>Challenges relating to South African non-profit organisations</b> <b>1. Short Term Focus</b>	Lack of business skills	√			-	√		√	√		4
	Weaknesses in planning phase, strategy session is driven by the agenda items rather than creatively finalize key drivers					√					1
	Plan for the long term but have a short term focus due to mitigating circumstance, in terms of sustainability due to a sense of need				√	√		√			3
	Plan for the short or medium term as there is no longevity to activities which is donor driven, if donor changes focus, non-profit has to follow suit					√					1
	The biggest challenge is having the resources to do what they need to do. Donors have their own agenda			√			√	√	√	√	5
	Staff in community based organisations don't have a matric and cant add or multiply or speak English								√		1
	Donors require reporting to be equal to a post graduate								√		1

	Welfare organisations and child welfare organisations have a systematic approach to planning and development and are able to sustain themselves, professionalism because they hire social workers and pay them well					√					1
	Larger international non-profit are taking all the funds from large foundations leaving smaller non-profits with no funds					√		√	√		3
	Micro non-profits may not have a strategic plan or vision but do have a value system that benefits the organisation					√					1
<b>2. Organisational infrastructure and workforce composition</b>	There is a dearth of leadership in the sector at the moment and cannot provide sustainable career opportunities					√					1
	No succession planning					√			√	√	3
	No university courses that apply for the non-profit sector					√					1
	Lack organisational structure, weak management team	√				√					2
	Too many volunteers, not enough full time staff, lack of accountability	√					√	√	√	√	5
	High staff turnover due to contracts dependent on funding				√			√			2
	Do not offer staff incentives to stay on							√			1
	non-profit sector pays less than government and corporate sector.					√				√	2
	organisational head is overloaded with work				√				√	√	3
	organisation's founder is the face of the non-profit, problematic when developing a stand alone brand									√	1
	No documenting of policies and procedures								√		1
	In terms of competencies, people work in the sector because they have a passion for the development sector,				√						1
	Staff need to wear different hats, is a problem but is the nature of the work				√				√		2
	A lot of the talent in the sector disappeared into government and corporates after 1994				√	√					2
non-profits are not geared for volunteer management						√				1	
<b>3. Customer orientation</b>	The quality and timely sending of reports to donors is lacking						√		√		2
	Prefer to refer to non-profit customer orientation as stakeholder management					√					1
	When bidding for tenders, government believes that non-profits should be cheaper					√					1
	South African society has conditioned itself that the cheaper proposition comes from non-profit sector					√					1
	Foreign donors have pulled out of South Africa or reduced funding because South Africa doesn't have as many challenges as partner countries			√					√		2
	Cause related marketing campaigns do not work, self serving to the corporate only					√					1
	Giving is a condition of the heart and cannot be matched to a commercial proposition					√					1
	non-profits do not know how to generate alternative methods of income							√			1

non-profit organisations sell themselves short, they don't package themselves well				√							1
No methodology for tracking proposals and the prognosis						√					1
Not effective in marketing practices, dependent on getting the funding before they can plan or do anything,	√					√					2
Lack customer orientation, focused on many demands and are overloaded	√										1
Competing with the rest of the world in a global society and if we accept poor working quality or poor management styles, poor maintenance measures then we will become a poor country due to lack of a value system					√						1
There is a culture of entitlement in non-profit organisations	√										1
Feels that there is a culture of entitlement for most disadvantaged South Africans, don't want to pay for goods and services	√	√			√						3
Feeling of entitlement is enforced by politicians – affirmative action, black people have unfair advantage over white counterparts, no value system to do your best, no matter your race					√						1
There are some non-profit organisations that will not be able to be self sustainable	√			√							2
Investment companies – taken workers money and the top few get rich. There is a fundamental flaw about how these things are being set up in South Africa					√						1
Feel that South African non-profits have a welfare dependent mindset	√										1
Feels that for the non-profits that have the wrong paradigm nothing will work as a strategic marketing approach will be too much effort and too much work	√										1
Why should non-profit organisations change if they still get their donations, they don't need to do it					√						1
The small non-profit organisations would have to die if they cannot access funding, why should they have to find alternative methods of raising income to sustain themselves in this way. The market place will dictate.					√						1
There are over 100 000 NGOs in South Africa, many of them are just occupation NGOs, they register with person and they're doing nothing, they register so they can eat tonight	√										1
South Africa was a nanny state under apartheid and it still is. It keeps people dependent. That's the slave mentality, NGOs are a big part of keeping the nanny state because if you're hungry, come we are running a food garden and we will feed you, they are not teaching people to fish in a hurry. For as long as I keep you dependent I keep getting a donated cheque, so I can pay myself today.	√										1



<b>4. Relationship Marketing</b>	Cultural mismatch between non-profit sector and corporates, structural flaws					√		√	√		3
	Does not have a national coalition that is a voice for the sector, SANGOCO failed				√	√					2
	non-profits don't collaborate with each other	√				-					1
	Lack relationship marketing practices	√									1
	Feels that relationship marketing is fundamental for the success of any business	√									1
<b>Processes and practices to improve effectiveness and efficiency of South African non-profit organisations</b>	non-profits should take a firmer approach with donors			√							1
	non-profit organisations need to depend on their own resources				√						1
	Traditional non-profit organisations need a shift in their mindset from being welfare dependent to becoming more business-minded	√			√						2
	Community based organisations need organisational development capacity building					√	√	√	√		4
	Community based organisations need a financial management system, governance structure, policies and procedures set in place					√	√	√			3
	Feels that the adoption of a strategic marketing approach will benefit non-profit organisations	√	√			-	√	√		√	5
	Community based organisations are expected to produce financial and narrative reporting						√	√	√		3
	A basic step-by-step guideline of how to raise income would be useful							√			1
	Social entrepreneurs are the way of the future, a strong charismatic leader, passionate, a crusader	√			√					√	3
	non-profits need a volunteer management system, can use business executives /influential volunteers more productively						√				1
	Need recognized to raise their profile themselves in South Africa							√			1
	SA non-profit sector needs a national representative body to be a voice to government and donors				√						1
	Need to structure themselves differently to generate income							√			1
	Need to kill the traditional non-profit mindset by seeing how other non-profits have succeeded in adopting commercial approaches				√						1
	Adopt a value system nationally and pay the rate for the job					√					1
	Begin to dispense of affirmative action					√					1
	The board and management should do strategic planning together					√					1
<b>Other comments</b>	The term social entrepreneur just another American term, why create a figment what people are doing in the non-profit sector, it causes layers of confusion, has a commercial connotation against a social proposition.					√					1
	Social enterprises are a huge mistake as organisations can define themselves as a charity and get donations, should not be confused with commercial means.					√					1
	Civil society and non-profit terms are used interchangeably					√					1

	Intolerant of how non-profit organisations behave	√					√				2
	non-profit is an emotional business, but when we're here our job is business to deliver the goods and be absolutely clear on what the goods are, and don't tell me about commitment, show me commitment. Be competent, be fully competent and I don't see any difference in standards between corporates and NPOs, the purpose is different and the sensitivity is different to the beneficiaries.						√				1
	Been accused of being a business man						√				1
	Social entrepreneurs consult to non-profits around BEE and BEEE and how they can start talking to companies around meeting the scorecard issue				√						

## Appendix D – Summary of Case Studies

**Case A** - The CEO is a 47 year old Indian male with tertiary education, who was previously a television journalist, actor and news presenter. The CEO is a high profile opinion leader and has been cited in numerous websites and articles relating to his career as a television journalist, as an actor, and also as the CEO of this organisation. The CEO of this organisation was recognized for his organisation's contribution to the community by the Ashoka Foundation in 2007. This CEO has a high level of business skill due to his experience as a managing director in the media industry. When asked how he perceives his organisation, he referred to it as a, *'social business, we don't like referring to ourselves as a charity, I specifically hate that word because we are in the business of developing and championing mentality'* (Respondent A). The respondent sees the organisation as no different to any other profit-based organisation that has a vision and wishes to move forward. He manages and operates the business as if it is a profit-based business and has the philosophy to empower his employees to work independently. This CEO has a very high level of business and social skills compounded with a high level of networking ability, as he personally engaged with more than 50 high profile, local and international business people and organisations to support his organisation by becoming coaches and mentors to the 1400 students in his institution. The calibre of mentor he has managed to secure includes Richard Branson, Steven Covey, Paul Simon and Annie Lennox to name a few high profile mentors.

This CEO has illustrated a high level of entrepreneurial traits as he also created an investment company, and developed a franchising and licensing model for the short course programmes it offers in order to fund the non-profit business elements of the organisation. This CEO has therefore also adopted a business-like approach that creates both a social and economic impact.

Given the history of the organisation, from being established in a garage at the back of a house, to becoming a 3 branch college with more than a thousand students, and numerous supporters, it is evident that this CEO is a social entrepreneur, as he created this business out of a passion to create change in the environment in which he lives. This organisation was born out of an idea that then grew and became sustainable over time due to the various methods in which it generates revenue and acquires resources and funding.

**Case B** – The founders of this institution are well known, recognized social entrepreneurs, one being from South Africa, and the second from the UK. These two men established this organisation out of their passion to realize dreams by providing real empowerment. The UK social entrepreneur commented in a press release that, *‘The South African economy is dependent on entrepreneurial activity for creating future economic growth and jobs, but the economic contribution to South Africa’s entrepreneurial sector is below the developing country norm. I believe that increasing entrepreneurship in this country is the golden highway to economic democracy’*. The South African social entrepreneur added, *‘entrepreneurship is simply the process of weaving something new, of creating something out of nothing. If you have a vision, begin to weave, the thread will come’*. The CEO of this institution is a black man in his early 30s, and holds an MBA in Finance and a Masters in Economics (business economics) and is a managing director at a local consulting firm.

This CEO has a high level of business skill and experience as he previously launched the South Africa Breweries entrepreneurship programme “Kick start” where he spent five years managing in South Africa as well as set up similar programmes in Botswana, Tanzania, and more recently India and South America. He is co-authoring a book sponsored by the World Bank on the value of Social entrepreneurship, a case study on CIDA City Campus, South Africa. This CEO currently sits in on the World Bank Training Institute to advise on entrepreneurship curricula development for tertiary institutions, he also received the Top30Under30: Best Entrepreneurs Under 30 award and recently has been identified as one of World Economic Forum’s Young Global Leaders.

This CEO also has a high level of social skill as is evidenced by his consulting and advisory abilities. This CEO also has a high level of entrepreneurial traits based on the evidence of his accolades. It is therefore evident that this CEO is a social entrepreneur as he is passionate about making a social change by teaching young people the importance of getting an education and in particular, in the area of entrepreneurship.

**Case C** – the CEO/President from this non-profit organisation is over 50 year old black man, who has a tertiary education. He is currently studying for a Masters in business Studies (MBS) in Cooperatives and Social Enterprises. This CEO has a high level of business and social skills and experience as he has previously worked as Regional Programme Manager for the Mvula Trust, and has been the lead Researcher/Planner or LED institutional development specialist in various projects including the development of business engagement strategies for a local municipality. He also previously worked as a Field Relief Officer where he was responsible for assisting in the distribution of both food and non food items to victims of political violence and natural disasters. This CEO has more of an academic, consultative background, and is an influential figure in the non-profit industry, as he sits on various boards. In contrast to the abovementioned CEOs, while he is also passionate about change, he could be seen as less entrepreneurial as there is no evidence to suggest that this CEO has launched an organisation on his own, and based on the comments from Respondent C, this organisation tends to be managed in a more traditional and bureaucratic manner as opposed to entrepreneurial. Therefore, this CEO would be categorized as being a traditional non-profit CEO.

**Case D** – The founder and CEO of this organisation is a 68 years old, white male from the US. This CEO has a high level of business and social skills as he has masters and law degree, and in 2009 was awarded an honorary degree, Doctorate of Humane Letters, by Yale University. He also has business experience, having successfully launched this business in the late 1980's and now this is a multi-national foundation. His philosophy was to identify and create a network of social entrepreneurs, these are individuals with innovative solutions to society's most pressing social problems.

This CEO has quoted, "*Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.*" This CEO has a high level of entrepreneurial traits as evidenced by his numerous awards and acknowledgments for his achievements (The American Society of Public Administration and the National Academy of Public Administration jointly awarded him their National Public Service Award and he has also been named a Preiskel-Silverman Fellow for Yale Law School and is a member of the [American Academy of Arts and Sciences](#)). This CEO has been called the "*godfather of social entrepreneurship,*" was named a "*visionary*" as one of [Utne Reader](#) magazine's "50 Visionaries Who Are Changing the World." In 2011, this CEO won Spain's prestigious Prince of Asturias awards for international cooperation for his work promoting entrepreneurs. This CEO would be categorized as a social entrepreneur.

**Case E** – This organisation's CEO is over 60 year old, Indian male, and a high level of social and business skills as he launched and sustained this business since 1990 and is a prominent figure in the non-profit sector in South Africa as evidenced by the numerous research studies that his organisation has been involved in and by the number of boards he sits on. This CEO has been involved in many of the major initiatives within the non-profit sector in South Africa with special emphasis on governance matters. He has also conducted a number of capacity building programmes in Sub-Saharan Africa and various international forums. This CEO was recognized for his work in this area and was awarded the Human Rights Award by the Human Rights, Gender and Electoral Commissions in 2004. He is also currently the elected Chairperson of the Civil Society Advisory Committee of the Commonwealth Foundation based in London. Both locally and internationally, he has served on several governing boards and taught at various universities. This CEO is a seasoned academic researcher, spokesperson for the people, and a recognized author, having published a number of books, articles and reports relating to the non-profit sector and how it is governed, and, although he has launched his own business and is passionate about change, he is more of a traditional non-profit CEO as he has a medium to low level of entrepreneurial traits does not demonstrate innovativeness, and business charisma and boldness and is not perceived as a risk taker.

**Case F** – The CEO from this organisation is not one of the original founders of this foundation, and is a 41 year old, white female, who joined the organisation in 2008. She has a high level of business and social skills as she has a bachelor degree and has experience in primary health care, where she gained in-depth knowledge of community development. She has designed and managed a number of provincial and national programmes, with a particular focus on personal development, within the context of HIV and AIDS. She later graduated with Honours in Psychology and she continues to study in the field of coaching. While this CEO is passionate about the work she does, she more academic in nature having been a trainer and curriculum developer previously in her career, and has not launched her own organisation in the past and may be described as a traditional non-profit CEO as she has a low level of entrepreneurial traits.

**Case G** – The CEO and president of the international office of this non-profit organisation is a black woman, over 50. Her focus has been to strengthen the organisation's long term impact, and to increase policy and advocacy effort. She is an expert on health, global development and humanitarian issues, and has spent 20 years with the Centres for Disease Control, working primarily on HIV/AIDS. This CEO also worked at the Bill & Melinda Gates Foundation, directing programs on HIV/AIDS and other global health issues.

This CEO has a very high level of business and social skills as she sits on several boards, and is a member of the Council on Foreign Relations and the American Public Health Association. She also chairs the Obama Administration's Presidential Advisory Council on HIV/AIDS, and serves on the President's Commission on White House Fellowships. While this CEO is an expert in her field, she is perceived to be more academic as opposed to entrepreneurial as this CEO has also published numerous scientific articles. This CEO would be categorized as having a medium of entrepreneurial traits and would therefore be categorized as a traditional non-profit CEO.

**Case H** – The founder and CEO of this organisation is a British born, over 50 year old, white female, who is an ex-teacher, and has lived and worked in Schoemansdal, a deep rural community in South Africa for 22 years. The home based community care that her organisation provides to over 800 AIDs patients at any one time, they are faced with *'about 50 - 60 deaths a month'*. This CEO was moved to respond to the urgent need to care for HIV and Aids patients as *'the government has not catered for this disaster, and even though more money is being pumped into HIV and Aids, it isn't reaching the people who most need it'*.

This CEO has experience in doing social work, and would therefore have a high level of social skill in this area, as she has worked on numerous projects in development, including working with Mozambique refugees, doing crisis work that was totally dependent on government funding, she dealt with people that were completely broken due to the war situation. She also taught people how to sew, and through that started formulating ideas. She trained these people but did not try to make money out of it, the sewing machines were donated and she offered life skills to the sewers. Quite a few of ladies started their own sewing business, which opened up new opportunities for the women of that area. The respondent commented that teaching life skills *'takes a long time, not one or two years, its a lifetime experience where you are introducing an ethos, a way of life that people in the community can accept, a norm, because a lot of people we work with have not had jobs before don't know that they must come in every day at the same time and go home at the same time'*.

The respondent then had some buildings built, a centre for small business providing an area where people can come and work and start up a small business. *'People in the community didn't understand the concept of a business centre to attract people. They compete with the towns and big business doesn't support projects in the villages, not even now'*.

This CEO is entrepreneurial in the way that she has created numerous micro businesses in order to support her non-profit organisation; however it is questionable as to the level of entrepreneurial traits as there is little evidence to suggest that is a bold visionary, risk-taker, and innovator.



There is also no evidence to suggest that this CEO has adopted a business-like approach to the organisation's way of working. She commented that there is little documentation of processes, which also leads one to believe that there may not be internal processes and procedures set up to maintain the organisation's operations. This CEO is highly passionate and emotionally attached to her work, and commented on the lack of support that she had received from the local business segment, stating that they would not support her newspaper by purchasing advertising space. This could suggest that perhaps she may not have the necessary business skill to engage with corporate business senior level decision makers and create a compelling value proposition that would result in a mutually beneficial relationship. This CEO also did not show evidence of leveraging the support of community's influential business leaders.

**Case I** – This CEO is a 44 year old white male, he is a qualified actuary, and was voted consultant of the year three consecutive times picking up several awards, including the Liberty Life Gold Medal for the top actuarial honours student in the country. This CEO has a high level of entrepreneurial traits as he identified a social problem where the disadvantaged black children that taught school mathematics to, had graduated from high school could not afford tertiary education. He created the concept of a “free university” began, where students could then take the skills acquire back to the rural areas. *‘This is real empowerment’*, he says. This CEO describes himself as *"a great lover of life and human potential and a believer in dreams"*. This CEO has a very high level of business and social skills and a very high level of networking ability as he leveraged numerous contacts to get four inner city buildings donated to be the university's campus, and secured donated computer equipment and other supplies (eg. books worth R100-million). He also personally secured numerous corporate sponsorships from the private sector and had some of top executives from major corporations volunteer as lecturers. In addition to that he has celebrities like Oprah Winfrey, Richard Branson and the Dalai Lama sponsoring children and providing funding.

In 2002, a South African newspaper acknowledged him as one of the top 100 people who made the headlines: *"An inspirational speaker whose incredible story made every major publication in South Africa."*

He won the Global Leader of Tomorrow Award from the World Economic Forum in 2002 and again in 2005. He has been honoured with two honorary doctorates and was in 2009 named by author Tom Peters as one of his top 5 most influential entrepreneurs in the world over the last 30 years. In 2006 he was the recipient of the Skoll Foundation's Social Entrepreneur Award. Based on the evidence above, this CEO is therefore categorized as a social entrepreneur.