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Implementing market orientation in charities: A necessity for survival

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Abstract
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Keywords
necessity, survival, implementing, market, charities, orientation

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Abstract

This paper examines the highly under-researched area of exactly how a market orientation can be successfully implemented within an organisation. Market orientation is the key strategic orientation that assists for-profit organisations achieve improved performance, and can potentially also assist charities that play a vital role within society but are facing increasing competition. Utilising a discourse transformation framework to case study a charity that introduced market orientation as its dominant strategic orientation, thematic analysis identifies how management transformed the organisation via a three phase process and greatly improved performance. The new dominant market orientation was aided by elements of other strategic orientations, particularly entrepreneurialism. No paper has previously examined how management of a charity can successfully implement a market orientation. The paper also introduces a discourse transformation perspective into examination of market orientation, and offers charity managers valuable insights to assist performance improvement.

Keywords Market orientation, Strategic orientation, Charity, Non profit, Not for profit
Introduction

Not-for-profit (NFP) organisations including charities play a key role within our society (Hassay and Peloza, 2009; Pope et al., 2009). Charities face increasing competition (Murray and Carter, 2005) for revenue as well as demand for their services (Sullivan Mort et al., 2003; Weerawardena and Sullivan Mort, 2006). Competition for revenue is due partly to ‘donor fatigue’ amongst private donors, increased pressure on corporate donors in the global economic crisis, and the trend towards ‘neoliberalism’ (Aronson and Smith, 2010) and ‘new public management’ (Alexander, 2000) of governments in many countries resulting in charities needing to tender for government contracts. As a result of this situation, many charities are struggling for survival (Shields, 2009).

The adoption of a market orientation (MO) is the key strategic orientation shown to assist for-profit organisations improve performance (Grinstein, 2008; Kohli and Jaworski, 1990; Narver and Slater, 1990). Although differences exist between the for-profit and NFP sectors, marketing is considered to be relevant for NFP organisations (Kotler and Levy, 1969) thus adoption of MO is regarded as an attractive proposition for charities in the current environment.

The study of MO has been the focus of extensive research over the past twenty years, particularly within the for-profit arena, yet key knowledge gaps remain (Modi and Mishra, 2010). There is minimal research regarding how organisations can actually successfully introduce MO (Beverland and Lindgreen, 2007; Taghian, 2010), indeed,
such research is basically non-existent within the NFP sector. This paper addresses the aforementioned gap and examines the manner in which managers conduct the process of change within charities, a specific sub-sector of the NFP sector, and responds to calls from Harris (2000), Kennedy et al. (2003) as well as Beverland and Lindgreen (2007) to progress research into the manner in which MO is actually introduced into organisations. This paper assists in addressing the comment by Tadajewski and Hewer (2011: 451) ‘that there needs to be a concerted effort in understanding how practitioners engage in marketing activities’. It is acknowledged that other strategic orientations may exist in some form in combination with MO. Thus, the two aims of this paper are: first, to examine how management introduced MO into a traditional charity organisation; and second, to establish the level and form of the resultant MO and identify any existing components of other strategic orientations.

Whilst various extant literature has identified specific barriers to the introduction of MO, typically within the for-profit arena (e.g. Harris, 2000), there has been minimal research regarding how MO is actually implemented successfully into either for-profit, or NFP organisations. This paper thus makes an important contribution to the MO literature in general, and more specifically, the NFP literature. This is the first known research to actually examine the process of implementing MO into charities. In doing so, it has ‘the potential to enrich marketing practices’ (Tadajewski and Hewer, 2011: 449). These learnings are beneficial for charity managers who will gain valuable
insights into appropriate processes to utilise for the successful introduction of MO with the aim of improving organisational performance. An additional contribution is examination of the synergistic blend of other existing strategic orientations that complement the MO. The research examines the implementation via a discourse transformation perspective, thus further contributing by containing elements of ‘novelty and continuity’ (Tadajewski and Hewer, 2011: 450) - by continuing the examination of MO, but from a discourse transformation perspective, something not previously utilised in examining implementation of MO. This paper also explicitly addresses the lack of practitioner perspectives (Cornelissen and Lock, 2005) characteristic of previous research regarding MO.

The paper is divided into four sections. First, the theoretical background provides an overview of strategic orientations, the marketing concept and MO, the performance linkage and justification for the relevance of MO to the NFP sector including charities. Second, the research approach is presented. Third, results are detailed and discussed. The paper finishes with a summary and conclusions as well as limitations and suggestions for future research.

Theoretical background

Strategic orientations
A strategic orientation can be regarded as the principles directing and influencing organisational activities and generating behaviours aimed at ensuring organisational viability and performance (Gatignon and Xuereb, 1997). MO is recognised as the main contributor to performance (Grinstein, 2008). Other strategic orientations include entrepreneurial, learning, technology (including product, production and innovation) and employee, and have also been found to have positive linkages with organisational performance in certain situations. Additionally, a service-dominant orientation has recently been suggested (Karpen et al., 2012).

Entrepreneurial orientation involves three characteristics, namely risk-taking, innovativeness and proactiveness (Covin and Slevin, 1989) and is associated with aiming to be ahead of the competition. A learning orientation involves development or acquiring of new knowledge (Huber, 1991) which can assist employee behaviour. Technology orientation relates to an organisation’s inclination to introduce or use new technologies, products or innovations which can result in production cost advantages and position organisations for the future in changing times (Gatignon and Xuereb, 1997). This is similar to an innovation orientation which is an organisation’s openness to accepting new ideas and use new technologies, resources, skills and systems (Hult et al., 2004; Hurley and Hult, 1998). Employee orientation involves internal focus on employees’ well-being and satisfaction ahead of other stakeholders (Harris and Ogbonna, 2001a). A service-dominant orientation is ‘a cocreation capability, resulting
MO is regarded as the most important strategic orientation and outweighs other orientations in contributing to organisational success (Hult and Ketchen Jr, 2001; Narver and Slater, 1990) ‘substantially more than alternative strategic orientations’ (Grinstein, 2008: 116), however, combining MO with other orientations can enable performance greater than solely MO (Atuahene-Gima and Ko, 2001; Bhuian et al., 2005; Matsuno et al., 2002). Appropriate mix of orientations is dependent upon the environment (Atuahene-Gima and Ko, 2001). A meta-analysis of MO literature conducted by Grinstein (2008: 115) suggests ‘market orientation is strongly correlated with learning, entrepreneurial, and employee orientations, and that it has a moderate positive relationship with innovation orientation’. Likewise, based on review of literature, Hakala (2011: 205) considers ‘there is widespread support for the idea that orientations are generally interlinked’. The challenge for managers is to determine the appropriate synergistic blend of other orientations to add to MO to maximise organisational performance.

The marketing concept and market orientation

As indicated above, MO is regarded as contributing more to organisational performance than alternate strategic orientations (Grinstein, 2008). MO draws its origins from the
marketing concept that originated in the context of business firms. The marketing concept is defined by Kotler and Armstrong (2012: 34) as the management ‘philosophy that holds that achieving organisational goals depends upon knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors’. Kohli and Jaworski (1990) viewed the marketing concept as a business philosophy and MO as actual implementation of the marketing concept. They presented seminal work defining MO as consisting of three core components, namely company activities relating to market intelligence generation, dissemination and responsiveness across all functions. Narver and Slater (1990) also proposed a model of MO which, alongside Kohli and Jaworski’s (1990) paper, are considered the theoretical foundations for MO. The Narver and Slater (1990) model consisted of a culturally based behaviour perspective of the organisation which examined the scope of an organisation’s marketplace activities as encompassing three elements, a customer-orientation, competitor orientation, as well as the extent of inter-functional co-ordination, with its core focus of long-term profit generation. Alternative definitions of MO were also offered by other researchers (e.g. Deshpande et al., 1993; Ruekert, 1992; Shapiro, 1988). Drawing together the various views of MO presented during this period, Lafferty and Hult’s (2001) comprehensive synthesis of contemporary MO perspectives highlighted four common areas of agreement within the field, as indicated in Table 1. Their meta-analysis identified the degree of commonality which assisted academics to
clarify the key aspects of MO, namely (1) an emphasis on customers, (2) the importance of information, (3) interfunctional coordination, and (4) taking action.

The seminal MO research was conducted within the for-profit arena. Whilst researchers regard MO to be relevant to the NFP sector, the differences between for-profit and NFP organisations (e.g. revenue sources, the concept of exchange, paid versus volunteer employees) have spurred development of customised frameworks for the NFP sector (e.g. Duque-Zuluaga and Schneider, 2008; Gonzalez et al., 2002; Liao et al., 2001; Sargeant et al., 2002). These models do however typically have close parallels to the for-profit models of MO proposed by Narver and Slater (1990) as well as Kohli and Jaworski (1990).

*The market orientation and organisational performance linkage*

The positive affect of MO upon organisational performance moreso than other strategic orientations is the underlying reason why development of MO is regarded as an
appropriate goal for organisations. This has been proven over a number of years in a range of situations. For example, based upon meta-analysis of studies conducted in twenty three countries, Cano, Carillat and Jaramillo (2004) consider the relationship between MO and organisational performance is positive and consistent worldwide. Similarly, following examination of fifteen years of published research, Shoham, Rose and Kropp (2005) concluded that MO has a significant positive impact (directly, indirectly and totally) on performance within the for-profit sector.

In the NFP arena, Sehorn (1995) found a positive link between MO and organisational performance in community service organisations, as did Jones (2000) in regards to UK opera companies. Likewise, Gainer and Padanyi (2002, 2005) examined Canadian NFP organisations and determined that a market-oriented culture was important for organisational performance.

Relevance of market orientation to the not-for-profit sector

Despite differences between the for-profit and NFP sectors, research suggests that marketing is relevant for NFP organisations (e.g. Barrett et al., 2005; Kara et al., 2004; Kinnell and MacDougall, 1997; Lovelock et al., 2004; Wood et al., 2000). Indeed, following an investigation into disability charities in the UK, Connor (1999: 342) considers it is ‘critical that disability charities become market orientated if they are to prosper’. Likewise, Andreasen and Kotler (2003: 11) consider ‘the greatest challenges
facing nonprofit managers are *competitive* challenges. This means that marketing and marketing skills inevitably must play a more central role’.

**Implementing market orientation**

Various models have been developed regarding the linkages between aspects of organisations and MO but these do not explain how to actually implement MO. Indeed, Beverland and Lindgreen (2007: 430) contend that the literature ‘is silent on the process involved in moving firms to a market orientation’ and subsequently examined the implementation of MO in an industrial organisational context using Lewin’s (1951) unfreezing/movement/refreezing change process model. More recently, Taghian (2010) has stated that implementation of MO is still under-researched.

There has however been various research regarding ‘barriers’ to use of MO (e.g. Harris, 1996, 1998, 2000; Harris and Ogbonna, 2001b; Mason and Harris, 2005). Barriers are both system-focused (Harris and Piercy, 1999) as well as people-focused/cultural (Gainer and Padanyi, 2005) and based on a meta-analysis, Kirca et al. (2005: 36) determined ‘that internal processes have a greater influence than organizational structure variables’ on the introduction of MO. In terms of antecedents of MO, based on a review of literature, van Raaij and Stoelhorst (2008) suggested seven ‘enablers’ of MO – structure, process design, information systems, reward systems, leadership, behavioural norms and values, as well as competence management. All of
the research outlined above regarding barriers and antecedents to the introduction of MO has been conducted within a for-profit context except the research of Gainer and Padanyi (2005).

In summary, various strategic orientations are available, but MO is regarded as the key orientation influencing organisational performance. MO research has traditionally been conducted in the for-profit arena, but MO is also regarded as relevant to the NFP sector. The process of how MO is actually introduced into organisations is under-researched; with most previous research identifying barriers and antecedents to the introduction of MO rather than determining the actual process of how it can be successfully introduced. The aim of this paper is to address this gap and examine the implementation process. The model and definition of MO utilised in this paper is based on the Lafferty and Hult (2001) meta-analysis as it integrates the views of a number of key researchers, particularly the seminal research of Kohli and Jaworski (1990) as well as Narver and Slater (1990), from which NFP models are derived.

**Research approach**

As indicated above, the specific aims of this paper were to first, examine how management introduced MO into a traditional charity organisation; and second, to
establish the level and form of the resultant MO and identify any existing components of other strategic orientations.

A single case study of a charity that has attempted to introduce MO to improve performance was examined. A case study is ‘a research strategy focusing on understanding the dynamics present within single settings’ (Eisenhardt, 1989: 534), is recommended when a holistic and in-depth investigation is needed (Feagin et al., 1991), and enables examination of ‘complex phenomena within their contexts’ (Baxter and Jack, 2008: 544). A single case offers more in-depth information than multiple case studies for the same amount of resources utilised (Dyer and Wilkins, 1991; Gummesson, 2007). Case study method is an established method within research pertaining to MO (e.g. Grunert et al., 2005; O'Cass, 2001; Warnaby and Finney, 2005; Yakimova and Beverland, 2005).

This research examines the manner in which management successfully changed the organisation and introduced a MO. This change is examined via a discourse transformation framework. A change from a traditional charity discourse to a more market-oriented discourse can be considered to have occurred if employees ‘come not only to act differently but also to understand or “know” the world differently’ (Motion and Leitch, 1996: 299). Discourse transformation can be examined by assessing changes in the substance or foundation of a discourse (Foucault, 1991). Hence, to assess the discourse transformation in this research, a framework based upon Foucault’s (1991:
56-57) criteria for ‘detecting changes which affect discursive formations’ is utilised, namely, ‘displacement of boundaries’, ‘the new position and role’ of employees, the ‘new mode of functioning of language’ and the ‘circulation’ of the new discourse.

The discourse transformation within this case study is examined via thematic analysis of interview transcripts and other data sources. Semi-structured, in-depth interviews based on open-ended questions were utilised to explore the ‘lived experience’ (Covaleski et al., 1998) of employees from all levels of management (vertical) and across all functional areas (horizontal) to gain a complete 360 degree perspective (Steinman et al., 2000; Webb et al., 2000). An interview protocol (Yin, 1994) was utilised to ensure consistency, with interview questions based around Foucault’s (1991: 56-57) framework for examining discourse change and Lafferty and Hult’s (2001) synthesis dimensions of MO. Entrepreneurial orientation was examined with reference to Naman and Slevin’s (1993) level of risk-taking, innovativeness and proactiveness. Learning orientation was determined as the degree to which management stress the value of learning for the benefit of the organisation (Hult et al., 2000). Innovation orientation was assessed with reference to the level of acceptance of new ideas (Hurley and Hult, 1998).

Utilisation of a discourse transformation framework assisted detection of the nature of changes and enabled drawing out and identification of aspects of MO and other strategic orientations. Interview questions were deliberately broad to enable
respondents to take their answers in whatever direction they chose. Guidelines suggested by Patton (2002) for conducting interviews were followed.

To build and refine emergent theory, theoretical sampling of interviewees was conducted (Eisenhardt, 1989; Yin, 1984) and stopped when ‘saturation’ occurred, enabling ‘a sufficient number of arguments of sufficient quality and sufficient data for those arguments to be well grounded’ (Wood and Kroger, 2000: 81). To minimise bias (Lincoln and Guba, 1985; Strauss and Corbin, 1998), all interviews were conducted by a single interviewer. Manual thematic analysis of interview transcripts was conducted to enable greater ‘immersion’ in the data (Wood and Kroger, 2000) than may have occurred via use of computer based analysis. The manual thematic analysis was informed by guidelines developed by Patton (2002) and Creswell (2003) to identify emergent themes within and across interviews.

Researchers are part of what they study and influence the process (Brownlie and Saren, 1997), with aspects of power and control also involved (Bettany and Woodruffe-Burton, 2009). Information must not be taken at face value and there is a need ‘to move beyond naive literal interpretations of interview transcripts’ with reading between the lines required (Brownlie, 1997: 281). Awareness of these issues and appropriate researcher reflexivity when conducting and analysing the data assisted the researcher to understand themself and their role and ‘produce better accounts’ (Bettany and Woodruffe-Burton, 2009: 663). Coupled with the issue of researcher reflexivity, to
assist research validity, six ‘primary strategies’ recommended by Creswell (2003) were adopted. *Triangulation* involved use of a range of data sources to augment the interviews. These extra data sources included annual reports, organisational induction manuals, strategic plans, organisation brochures, newsletters, client survey examples and the organisational internet site. *Member-checking* involved providing interview transcripts to respondents to verify accuracy, with utilization of follow-up interviews if appropriate. *Rich, thick description* was used to write up the results to provide a shared experience to readers. *Prolonged time* was spent in the field with the researcher visiting a number of sites. *Peer debriefing* was utilised to gain an independent perspective of the developing research results, and two independent *external auditors* examined the research.

**Results and discussion**

*The case study organisation*

The case study organisation will be referred to by the pseudonym ‘Arana’. This organisation was selected for examination as it was known to have changed in recent years - although the specific nature and detail of the change was not known until this study was conducted. Established in the early 1970s, Arana is a charity operating within eastern Australia to provide a range of services and supports for people with physical
and/or mental impairments and their families (Arana, n.d.). Arana has traditionally gained funding from both State and Federal Government and has minimal reliance on donations. Guided by a visionary, long-term CEO, Arana has progressively introduced a discourse change in a relatively low-key manner since the mid-2000s and has grown markedly. Based upon development of a strong capability to tender for the increasing number of government funds available, plus creation of a for-profit division that has added a strong social entrepreneurialism focus to the charity, there has been a near doubling of revenue within three years. 2007/08 was regarded as ‘a period of significant growth, bedding down new structures and coming to terms with life as a much more complex organisation and at the same time dealing with significant staffing issues’ (Arana, 2008: 4).

In the following results section, comments obtained from the employee interviews are indicated in italics.

*Discourse transformation: market orientation with social entrepreneurship*

To assess the discourse transformation that has occurred within Arana, Foucault’s (1991: 56-57) criteria for ‘detecting changes which affect discursive formations’ are utilised, namely, ‘displacement of boundaries’, ‘the new position and role’ of employees, the ‘new mode of functioning of language’ and the ‘circulation’ of the new discourse.
**Displacement of boundaries**

Arana had been operating as a traditional charity, with high reliance upon government funds and volunteers. As Arana introduced a new discourse, operational boundaries of the organisation changed markedly. Service delivery programs were evaluated, resulting in modified and new programs more appropriate to addressing client needs. To fund the service delivery, greater targeting of government funds was utilised. The government departments ‘moved to a competitive tendering model [with] competition policy within the sector [being] the big driver of change’. Thus, Arana is now aimed towards formal tendering for government contracts. Winning of tenders requires professional tender writing capabilities, proof of cost-efficient service delivery infrastructure and quality assurance systems, as well as relationship building with appropriate government personnel. Capability to write high quality responses to government tender requests was obtained by recruiting appropriately qualified and experienced new employees.

Another major boundary change occurred via creation of a for-profit division. This new division employed some less physically/mentally impaired clients in productive occupations within either a ‘sheltered’ manufacturing environment producing items for local organisations, or in an external environment providing lawn-mowing and maintenance services marketed to local domestic and commercial customers. Thus Arana was now competing against for-profit organisations. The
division had the double benefit of not only employing clients, but also gaining revenue by selling their services. This social entrepreneurship was a major change for Arana. Social entrepreneurship can be defined ‘as a behavioural phenomenon expressed in a NFP organization aimed at delivering social value through exploitation of perceived opportunities’ (Weerawardena and Sullivan Mort, 2006: 25) and assists to cross-subsidise core NFP activities (Dees and Economy, 2001). In the view of Arana’s CEO, social entrepreneurialism involves ‘creating capacities for growth within the business world outside of the purely funding context. And delivering those surpluses or profits back into furtherance of one’s mission’.

Arana has been very successful in introducing their for-profit ventures that differ from those traditionally expected of charities. As indicated by the CEO, it has ‘taken off in terms of selling and generating profits and it now funds our whole clinical services wing for the organisation’. Whilst also targeting government funds, the for-profit revenue enables Arana to be ‘less reliant on government funding and [doing what government requires in the tender]… we can do good works of our own choosing’. The success of Arana’s discourse boundary displacement has resulted in a new direction for the organisation with marked increase in revenue assisting the improved service delivery aspects of the organisation.

The new position and role of employees
To achieve the new discourse, it was identified that Arana increased the level of management and professionalism. Arana introduced a more formal management structure. The new discourse contains components of ‘new managerialism’ which has been defined by Davies (2003: 91) as the placing of power in the hands of auditors, policy makers and statisticians ‘none of whom need know about the profession in question’. New managerialism has a ‘concern for efficiency, cost-effectiveness and competition’ (Gewirtz and Ball, 2000: 256). Emergence of new managerialism discourse is associated with ‘new icons such as outcomes and missions, and new rituals to enshrine them including corporate planning, performance evaluation and new fiscal accountability arrangements’ (Sinclair, 1996: 234). This change within Arana can result in identity issues for some employees (Smith et al., 2010) due to the social service versus business identities.

In a new discourse, people are expected to behave and act differently than they did in a legacy discourse. Elements identified within Arana included an increased level of professionalism required of employees, new organisational identity, tension resulting due to employees being expected to move to new subject positions, and linkages with the legacy discourse. Whilst volunteer staff are typical of the traditional charity discourse (and seen as less professional and less expert), the new discourse within Arana contains more professional, fully-paid staff. The shift from volunteerism towards professionalism is also recognised by regular training of the employees. The employees
no longer see themselves as similar to employees in a traditional charity as indicated by a comment from a middle manager - ‘**the way we look at it, its much more professional, we take it very seriously, its not something we do in our spare time**’.

To reinforce the more professional image, Arana moved into new premises to improve the ‘physical evidence’. As indicated by a senior manager - ‘**in the early days a charity wasn’t meant to have a nice office ... there is an understanding that now charities, to do good work, need good people and need to provide good working conditions**’. Likewise, the move into a new building by Arana resulted in the comment that ‘**I think it presents a professional image**’.

Within Arana, there has been a distinct shift by employees concerning the subject positions of service recipient clients. Employees perceive themselves as no longer operating a charity, but more of a service and support agency, thus giving employees a new perspective regarding their service recipient clients. This is typified by the comment from a service provider that ‘**we are not feeling sorry for people and giving to them, without any sense of commitment on their behalf; I don’t think of [Arana] as a charity as such. But more assisting in, developing the person, so providing support and assistance in that way**’. When comparing the ‘old’ and the ‘new’ Arana, a middle manager indicated ‘**its more reliable, its more robust, its more professional, there is more information, there is more communication**’.
To assist the change, Arana introduced a number of sub-committees including an ‘Identity and Image Committee’. The identity program was aimed to ‘change corporate culture and determine the conduct of organizational members’ (Motion and Leitch, 2002: 46). Key activities related to the development of a style guide, improved consistency of logos and marketing collateral, media training for key staff, recruitment of a business development manager (for the for-profit division) and visible branding (vehicles, uniforms). This emphasised to employees that a new mode of operation was being established.

There was some tension amongst employees due to the change within Arana. A young middle manager suggested that employees who did not like the change were ‘set in their ways, the way that they operate’ whilst a senior manager considered loss of some staff was not a bad thing as they ‘were struggling for some time with the pace of change [and] in some ways they [were] stifling the progress of the organisation’. The main reason for staff leaving was perceived as due to not liking the new businesslike direction of the organisation - ‘a basic kind of ethics level disagreement’ as well as increased pressure on employees to perform - ‘we do have to operate a lot more effectively as a business’. There was also resistance to the introduction of key performance indicators that were perceived by some service providers as being too quantifiable rather than qualitative - ‘that fuzzy feeling from what we do ... sometimes
can be taken out of it with all these, you need to reach these statistics, you need to reach these levels, this is what we want from you’.

Whilst some employees resigned due to Arana ‘changing the model of being a community based organisation to a business’, those who stayed considered the new model did in fact contain the essential (legacy) aspects of the old discourse. As indicated by a middle manager - ‘our visions and values still hold strongly, but we still need to be competitive in the market … there is I suppose some sort of compromise in some areas … I think we have stayed true to our visions and values whereas [those who left] did not’. Arana employs a number of social workers to assist the more severely impaired clients. A social worker’s ‘sense of empowerment’ is the strongest component to social worker effectiveness (Boehm and Yoels, 2009: 1371). Within the new discourse there is a need to maintain this sense of empowerment. Whilst the discourse boundaries within Arana were displaced, the notion of client-first was a legacy that was transferred to the new discourse not only to provide continuity and assist acceptance by existing employees of the new discourse, but it is the raison d’être for charity organisations. This was the element enabling successful articulation (Hall, 1996) from the old discourse to the new discourse and maintain the sense of empowerment for employees to still be able to provide clients with appropriate service. The client-first aspect of employees was indeed advanced in the new discourse by a stronger services marketing aspect that gave clients improved service provision, albeit via new delivery
processes. Thus, it is argued that management of Arana utilised the client-first ethos of the employees as a key strategic resource in gaining acceptance of the new discourse.

The new mode of functioning of language

Management has utilised language to transform and manipulate the discourse within Arana. The typical words now regularly used within Arana provide evidence that a discursive shift has occurred. The new discourse has been colonised by words characteristic of a management/business discourse and also include some marketing specific language. Typical words now utilised by a senior manager included ‘our client group … management meetings … business and regional development, strategic planning … economies of scale … strategic direction … best practice … strategic planning process’. Marketing specific words included ‘service delivery … point of difference … creating a brand … customer satisfaction survey’. Introduction of a new ‘language’ within Arana is perhaps summarised by the senior manager commenting that ‘tendering, expressions of interest, those sorts of pieces of terminology wouldn’t have been around previously’. Introduction of new language has been a deliberate tactic by management to assist with a discursive shift towards a more professional and businesslike discourse.

Circulation of the new discourse
As indicated above, new language has been deliberately introduced to assist the discourse transformation. Another key device utilised by management to introduce and circulate the new discourse was the strategy to be more consultative and delegative, with use of a collegial style leading to formation of numerous cross-functional committees. Typical committees formed were the - ‘Identity and Image Committee … Training Committee … Social Committee … Administration Committee … Business Development Committee’ and have assisted Arana to efficiently introduce the new discourse throughout the entire organisation. Overall, employees considered there was a consultative/collegial process utilised by management to drive the change and all employees were involved in the development of the new discourse. To assist in delivery of the discursive change, internal marketing was also implemented and, coupled with a change in line structure, ‘helped in terms of communication through the organisation, getting key messages out [and] people are now much more tapped into what we are doing as an organisation, in tune with what we are thinking’.

Existence of the four key dimensions of market orientation

Prior to the mid-2000s, Arana was a traditional charity. As indicated above, there has been a definite discourse transformation within the organisation. The change in discourse was a management response to competitive pressures. Examination of the transformation utilising the discourse transformation framework above has assisted in
identifying evidence that all four of the key dimensions of MO now exist (to varying extents) within Arana.

The first key dimension of MO is ‘emphasis on customer’ (Lafferty and Hult 2001: 100). In a charity context, ‘customer’ refers to both service recipient clients and donor clients. There is now a strong emphasis within Arana on client and donor needs. Whilst service provision has long been the aim of Arana, there has been a discursive shift towards even stronger service provision via improved service offerings. As indicated by a service provider - ‘a [service recipient] client to us is the height of our whole existence’. Likewise, the CEO considers that ‘[service recipient] clients are the lifeblood of the organisation’. Continuation of a client focussed service ethos from the legacy discourse to the new discourse is a common denominator between the two discourses and is utilised by management as a tool to sell the new discourse. The emphasis on clients included development of strong relationship marketing with fund/grant providers within government. As indicated by a senior manager - ‘if you don’t have a good relationship with your clients, you are not providing good service’.

The second key dimension of MO is ‘importance of information’ (Lafferty and Hult, 2001: 100). Gathering, analysing and disseminating information (importance of information) are basic components of a market-oriented organisation. Arana has introduced improved information gathering processes. In particular, numerous surveys have been introduced to gain feedback from service recipient clients and their family
members, other service providers, staff, competitors and funding bodies. Arana also now proactively gather information via networking.

The third key dimension of MO is ‘interfunctional coordination’ (Lafferty and Hult, 2001: 100). There is strong evidence of a more structured and formal decision-making process within Arana which is not only a key dimension of MO, but has also been utilised strategically by Arana to assist in implementation of the new discourse. To ensure delivery of quality services and improved communication, various cross-functional committees were formed, and a strong emphasis was placed on upskilling of employees. Thus, there has been a change in subject position for employees, from being relatively untrained, to being more well-trained, and hence being in a better position for ‘taking action’, the fourth key dimension of MO (Lafferty and Hult, 2001: 100).

Arana’s approach to taking action and delivering services to both service recipient clients and donor clients has changed significantly. Arana now have more streamlined and targeted services for service recipient clients. For donors/funders, Arana have more sophisticated relationship marketing activities to ensure long-term relations. Table 2 provides a summary of the perceived level of MO pre and post the discourse transformation.

INSERT TABLE 2 ABOUT HERE
Evidence of other strategic orientations

The research identified that MO now dominates the new discourse, however, various levels of other strategic orientations were also identified. Evidence of an entrepreneurial orientation (risk-taking, innovativeness and proactiveness) included the long-term CEO being proactive in identifying the need for Arana to change, introduction of a for-profit division and review of service delivery. Learning orientation was evident, with employees trained to adapt to the more professional and accountable service delivery required - ‘I have never worked at another organisation that promotes training as much ... we ensure that all our direct care staff ... are really well trained’. There was no evidence of a technology orientation. A level of employee orientation was identified, perhaps overlapping with the learning orientation, with training offered to assist employees adapt to the new environment, for the ultimate benefit of the organisation. Minor aspects of a service-dominant orientation were identified in relation to providing the less impaired clients with value co-creation opportunities to lead more meaningful lives by participating in the activities offered by the for-profit division.

Implementation of the market oriented discourse: a three phase process
As discussed above, top management of Arana have successfully introduced a discourse transformation resulting in a new discourse dominated by MO, but also containing aspects of entrepreneurial, employee, learning and service-dominant orientations. Emergent from examination of the discourse transformation was identification that the transformation occurred via a three phase process. The first phase was ‘new managerialism’ in which specialist managers were employed by the CEO to assist the discourse change. This change has to an extent resulted in incorporation of management techniques from for-profit businesses (Meyer, 2002; Vickers and Kouzmin, 2001), resulting in the transformation of charities into businesses.

The second phase of change within Arana can be regarded as ‘professionalism’, which is increasingly being used in organisations by management ‘as a mechanism of occupational change’ (Evettts, 2003: 32). This was a major discursive shift from the traditional charity discourse characterised by volunteers. To provide Arana with the human capital necessary to deliver MO, the professionalism occurred via more use of professional managers as well as increased levels of professionalism by frontline employees. Existing paid employees were required to up-skill, or be replaced by new, appropriately skilled employees. Volunteers were replaced by paid professionals, paid non-professionals were trained to become more professional, and even professionals with non-business backgrounds were required to gain professional business skills. This introduction of professionalism included ‘change of the occupational role and work
practices’ (Evetts, 2003: 29). Typical changes to work practice within Arana related to adoption of standard practices, emphasis upon KPI’s, revised and streamlined procedures for service delivery, and higher levels of accountability and reporting.

Only after the charity had progressed through these phases of achieving strong and skilled management and professional staff could the new market-oriented discourse be appropriately ‘embedded’ into day-to-day operations. Table 3 summarises the aspects of discourse transformation in each of the three phases of transformation within Arana. The discovery that Arana has become more businesslike and professional reinforces the view of Keevers et al. (2008: 461) that various organisations have been transformed from ‘traditional benevolent charities into sophisticated corporate organisations’ within the Australian welfare space.

INSERT TABLE 3 ABOUT HERE

**Summary and conclusions**

Organisations can achieve strategic change via discourse transformations that aim to institutionalise new meaning (Fairclough, 2002). There is strong evidence that a discourse transformation has taken place within Arana, with the changes that affect discursive formations (Foucault, 1991) identified. There has been a displacement of boundaries to a market-oriented discourse also containing some aspects of other
strategic orientations. New subject positions have been introduced, with managers and service providers becoming more professional and more highly trained, with less use of volunteers. The typical language of business and marketing has been introduced and is now used in Arana’s day-to-day operations.

All four components of MO now exist within Arana. There is (continuing) emphasis on the customer, improved structures to obtain and analyse information, communication across the organisation has improved and effective service delivery processes have been put in place - all characteristics of marketing discourse. Aspects of entrepreneurial, employee, learning and service-dominant strategic orientations were also identified. Indeed, it is likely that the resultant discourse, dominated by MO but including aspects of other strategic orientations provided Arana with better performance (including near doubling of revenue within three years) than may have occurred if only MO had been introduced. In particular, the entrepreneurial orientation resulting in creation of the for-profit division has been of enormous value to Arana. This reinforces the comment by Grinstein (2008: 116) that organisations combining MO with other orientations ‘have been found to perform better than firms adopting only MO’.

Arana management located their discursive activities in a context that was meaningful to the service providers but also served the interests and goals of management (Mumby and Clair, 1997). This was done by management utilising the notion of improved service delivery to act as a bridge between the more emotional
legacy of charity and the professionalism of the new discourse. Arana’s senior management were able to successfully introduce a discursive change by ensuring that the ‘routine’ of service provision continued and that the ‘values’ of a focus on service recipient clients was maintained. This services ethos is the stabilising / translative dimension that successfully facilitated the shift from the legacy charity discourse to the new discourse.

Whilst discourses are in ongoing dispute (Clegg et al., 2006) and can change or be contested and resisted by various discourse actors (Hardy et al., 2000; Hardy and Phillips, 1999), the Arana employees, overall, accepted the new discourse and perceive the benefits to be increased service provision due to increased revenue. Employees who resisted the discursive change either left the organisation or were eventually ‘sold’ on the new discourse, whilst other existing employees accepted the new discourse immediately, and new staff were only employed if they were perceived as being in tune with the new discourse.

This paper thus addressed two research aims. First, examination of how management introduced MO into a traditional charity organisation, and identified that Arana management actively changed and developed new positions and roles for employees and introduced new language to assist circulation of the new discourse. This discourse transformation was identified to involve a phased approach involving new managerialism, then professionalism prior to embedding MO. The second aim was to
establish the level and form of the resultant MO and identification of any existing components of other strategic orientations. The resultant discourse contained a high level of MO and aspects of various other strategic orientations, particularly entrepreneurialism.

In conclusion, the research has indicated that MO is indeed relevant and appropriate for charity organisations and if introduced appropriately, particularly in combination with aspects of other strategic orientations, provides a win-win situation. The result is improved organisational performance, increased revenue and satisfied employees due to the continuance of a client-first approach, which, via refined service delivery processes offers better client service than under the previous, less professional discourse.

The paper expands our empirical understanding and academic and practitioner knowledge of how MO can be implemented. Support is provided for the use of MO within charities, in this specific case incorporating social entrepreneurialism. The research shows that use of MO with an appropriate synergistic blend of other strategic orientations can assist charities to improve organisational performance for the benefit of service recipient clients. The paper also introduces use of a discourse transformation perspective into examination of the MO implementation process and is thus a major contribution. The discourse transformation perspective enabled identification of the three phase new managerialism/professionalism/embedding process which would
perhaps not have been identified had a more rigid framework been utilised to examine MO implementation, such as Lewin’s (1951) unfreezing/movement/refreezing change process model as utilised by Beverland and Lindgreen (2007). The research also contributes by responding to Grinstein’s (2008: 127) suggestion to examine ‘the conditions under which the synergistic effect of MO and entrepreneurial orientation is especially effective’. This paper identifies that entrepreneurial orientation (via development of a for-profit division) offers charities, faced with strong competition for donations and government grants, the opportunity to diversify and increase revenue sources and also provide clients with employment opportunities.

The key implications for marketing practice are that the case study reinforces the claims of various academics (e.g. Barrett et al., 2005) that marketing practices developed in the for-profit arena are transferable into the NFP arena. The research does however highlight that the transfer of marketing practices needs careful handling by management to ensure ‘buy-in’ from employees.

The study examined the experiences of management and employees when MO was introduced into one charity based in eastern Australia. Whilst the single case study provides more in-depth information than multiple case studies for the same amount of resources utilised (Dyer and Wilkins, 1991; Gummesson, 2007), over time, examination of more case studies will enable expansion of our knowledge. Examination of other charities in other geographic locations, of various sizes and providing differing
charitable services also offers further research opportunities. The study advanced our understanding of combining MO with other strategic orientations and future research may involve further examination of the ‘ideal’ blend of strategic orientations to maximise organisational performance in the NFP sector, and whether the developing notion of service-dominant orientation (Karpen et al., 2012) has application to the sector.

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**Table 1. Definitions of Market Orientation.**

<table>
<thead>
<tr>
<th>Definition</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>An organizational decision-making process consisting of information gathering, organization-wide decision making and effective execution of decisions.</td>
<td>Shapiro (1988)</td>
</tr>
<tr>
<td>‘The organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across the departments, and organization-wide responsiveness to it’.</td>
<td>Kohli and Jaworski (1990: 6)</td>
</tr>
<tr>
<td>Three behavioural components – customer orientation, competitor orientation and interfunctional co-ordination.</td>
<td>Narver and Slater (1990)</td>
</tr>
<tr>
<td>The level to which an organization obtains and uses customer information, develops strategy to meet customer needs, then implements the strategy by being responsive to the needs and wants of customers.</td>
<td>Ruekert (1992)</td>
</tr>
<tr>
<td>‘The set of beliefs that puts the customer’s interest first, while not excluding those of all other stakeholders such</td>
<td>Deshpande et al. (1993: 27)</td>
</tr>
</tbody>
</table>
as owners, managers, and employees, in order to develop a long-term profitable enterprise’.

Meta-analysis of above five perspectives resulted in four synthesis dimensions of MO –
1) emphasis on customers
2) importance of information
3) interfunctional coordination
4) taking action.

Lafferty and Hult (2001)
### Table 2. Perceived level of market orientation within Arana pre and post discourse transformation.

<table>
<thead>
<tr>
<th>Component of Market Orientation (Lafferty &amp; Hult 2001)</th>
<th>PRE Discourse transformation</th>
<th>POST Discourse transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis on customer</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>e.g. ‘focus ... on needs of clients’</td>
<td>e.g. ‘very client focussed’</td>
</tr>
<tr>
<td>Importance of information</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>e.g. ‘probably not well’</td>
<td>e.g. ‘we take a more structured approach’</td>
</tr>
<tr>
<td>Interfunctional coordination</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>e.g. some management communication</td>
<td>e.g. ‘there is more communication’</td>
</tr>
<tr>
<td>Taking action</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>e.g. progress towards formation of committees</td>
<td>e.g. formation and activity of numerous committees</td>
</tr>
</tbody>
</table>
Table 3. Summary of the discourse transformation within Arana.

<table>
<thead>
<tr>
<th>Displacement of Discourse Boundaries</th>
<th>Phase 1 New Managerialism</th>
<th>Phase 2 Professionalism</th>
<th>Phase 3 Embedding</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Introduction of social entrepreneurialism</td>
<td>• Progressive development of social entrepreneurialism</td>
<td>• Established social entrepreneurialism</td>
<td></td>
</tr>
<tr>
<td>• Targeting government grants</td>
<td>• Progressive development of expanded service activities</td>
<td>• Established expanded service activities</td>
<td></td>
</tr>
<tr>
<td>• Introduction of expanded service activities</td>
<td>• Underlying continuance of client first approach</td>
<td>• Underlying continuance of client first approach</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The New Position &amp; Role of the Speaking Subject</th>
<th>Phase 2 Professionalism</th>
<th>Phase 3 Embedding</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Commencement of tension due to initiation of change</td>
<td>• More formal and professional roles and required daily activities</td>
<td>• Relationship marketing to assist government tenders</td>
</tr>
<tr>
<td>• However, general overall acceptance of need to change to meet the changing environment</td>
<td>• Increased emphasis on more formal and structured service provision</td>
<td>• Rigid reporting required to meet government audits</td>
</tr>
<tr>
<td></td>
<td>• Assisted by improved information gathering</td>
<td>• Embedding of new service delivery processes</td>
</tr>
<tr>
<td></td>
<td>• Increased use of KPI’s &amp; reporting</td>
<td>• Embedding of the four key dimensions of market orientation</td>
</tr>
<tr>
<td>The New Mode of Functioning of Language</td>
<td>• Introduction of business terms</td>
<td>• New business terms become more common and familiar amongst employees</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>----------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>Circulation of Discourse</td>
<td>• More formal management structure introduced</td>
<td>• Formation of committees</td>
</tr>
</tbody>
</table>