Chapter 8

SUMMARY AND CONCLUSION

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The purpose of the current chapter is to give an overview of the entire research, together with a brief description of the major contributions of the study to the theory and practice of market orientation in the nonprofit sector of Kerala. Scope for future research in the area is also discussed.
8.1 Summary of the Research

The study was undertaken with the major objective of finding out whether market orientation contributes to organisational performance of nonprofit organisations in Kerala. No other study on the subject from Kerala was located in the literature. Drawing from extant research in the fields of market orientation, nonprofit marketing and general nonprofit management, a conceptual model was formulated connecting the relevant dimensions of market orientation and organisational performance in nonprofit context. Market orientation was conceptualised from the activity-based behavioural perspective of the construct. In adapting market orientation construct to the nonprofit context, multiple constituency approach was adapted, which meant measuring market orientation separately for each of a nonprofit organisation’s market-components. Considering the literature support for the vital importance of donors and beneficiaries among the multiple constituencies of nonprofit organisations, markets for donors and beneficiaries were considered for estimating market orientation of nonprofit organisations. Organisational performance was conceptualised as a multi-dimensional construct having independent and separate dimensions. Based on the review of literature in market orientation and nonprofit management, the study included beneficiary satisfaction, public reputation and resource attraction as the relevant performance dimension in Kerala’s nonprofit sector. Each dimension of performance was measured in terms of increments over a 5-year time horizon as perceived by the organisations.

The empirical analysis of the study was based on the survey data collected from 137 nonprofit organisations registered in Kerala. Relationships among market orientation and different dimensions of organisational
performance were analysed using structural equation modelling by Partial Least Squares Method.

The study found that nonprofit organisations in Kerala exhibit higher market orientation towards beneficiaries than donors. Market orientation levels in donors-market and beneficiaries–market were not found to differ between private-funded and public-funded organisations. Levels of market orientation in donors-market and beneficiaries-market were found not to vary according to organisational size expressed in terms of the number of employees. No difference in market orientation levels was found between nonprofit organisations with separate marketing department/personnel and those without the above. Market orientation for donors, however, was higher in nonprofit organisations with larger annual operating budgets. But this finding on the difference in market orientation based on annual operating budgets is not replicated for market for beneficiaries.

The crux of the study, the analysis of the relationship between market orientation and organisational performance of nonprofit organisations generally supported the conceptual model developed for the research. It was found that market orientation for beneficiaries contributes to enhanced beneficiary satisfaction which in turn leads to increased public reputation of the nonprofit organisation. Public reputation was found to positively affect the resource attraction dimension of organisational performance. Innovativeness was found to partially mediate the link between beneficiary market orientation and beneficiary satisfaction. However, this mediating effect is only negligible compared to the direct impact of beneficiary orientation on beneficiary satisfaction.

The other component of nonprofit market orientation, market orientation in donors-market was also found to directly contribute to resource attraction.
Thus it can be concluded that market orientation plays a vital role in ensuring not only ‘soft’ measures of performance, but also the ‘hard’ economic performance measure of resource attraction in the nonprofit sector in Kerala. Predictive power of the model was found to be highest for beneficiary satisfaction, followed by public reputation and resource attraction in that order. To sum up, the basic premise of the thesis that market orientation is an effective tool for enhancing performance in nonprofit organisations in Kerala is well supported by data.

8.2 Implications for Theory and Practice

The study makes some important contributions to the theory and practice in nonprofit market orientation. Constituent-wise analysis of market orientation of nonprofit organisations enables the present study to shed some light on how different dimensions of organisational performance are impacted by market orientation in Kerala. Multiple constituency approach, although recognised widely in literature, surprisingly has not been fully assimilated with all its complexities into the empirical models connecting nonprofit market orientation and performance. These shortcomings were addressed by the conceptual framework of the study with the presumption that a market-wise analysis of market orientation into donor-market orientation and beneficiary orientation holds the key to unlocking the relationship between market orientation and different performance dimensions. This helps the study to establish that market orientation for donors does have a direct impact on resource allocation in a developing economy context. So the study demonstrates that market orientation is indeed effective in enhancing both marketing and financial-related performance of nonprofit organisations. In addition to this obvious significance to the theory, the findings of the study have practical implications in nonprofit management. Since both donor
orientation and beneficiary orientation contribute to organisational performance, nonprofit organisations will do well not to ignore any market component so as to ensure all-round performance and survival.

Another contribution to the body of knowledge in nonprofit market orientation is the use of public reputation as a dimension of performance. The inclusion of public reputation in the model was justified by the finding on the impact of public reputation on resource attraction. This is a relevant finding in the context of a nonprofit sector in developing economy wherein low level of networking and interactions among peer organisations makes the common reputation-related construct, peer reputation inappropriate. A practical implication of this finding is the importance of beneficiary orientation in ensuring performance in donors’ market through the indirect effect of public reputation. Beneficiary satisfaction and its positive consequence by way of enhanced public reputation ultimately influence the performance of the organisation in donors’ market. It shows that “doing good” can lead to “doing well”.

The role of nonprofit sector in a society’s all-round development and stability is a widely-acknowledged fact. An efficient and effective nonprofit sector is therefore a socio-political and economic necessity. In the special context of Kerala, where organised movements in socio-political landscape have a long history and strong presence, nonprofit sector obviously handles massive resources, be it money or man power. The sector utilises a substantial amount of direct government funds too. Organisational efficiency and performance improvement of nonprofit organisations therefore can make huge difference in the state by way of better utilisation of resource and better accomplishment of social objectives. By demonstrating the capability of market orientation to enhance performance of nonprofit organisations, the study helps
demonstrate the importance of market orientation to nonprofit managers in Kerala.

8.3 Scope for Future Research

A study in similar settings with a longitudinal design can not only confirm the conclusions of the study but also help in explicating the relationship between market orientation and organisational performance more emphatically. Longitudinal research can help track the changes in market orientation levels and performance over a time-frame and can therefore reveal important information such as time-lag effect, market orientation implementation problems etc. Studies on a wider population of nonprofit organisations including those running on self-generated income can make useful contributions to the understanding of nonprofit market orientation in Kerala. A pan-India study with the same conceptual framework is another promising area of research considering the huge scale and importance of Indian nonprofit sector.

8.4 Conclusion

Market orientation is a fundamental concept in marketing. Internationally, its implementation in nonprofit sector has helped organisations to improve their performance, thereby contributing to the development of a sector which is vital to the socio-economic development of any country. This research was carried out with the primary objective of investigating the efficacy of market orientation concept in improving the performance of nonprofit organisations in Kerala. The study establishes that market orientation positively affects the performance of nonprofit organisations in Kerala and thereby, supports the basic contention of this research.