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**MARKET ORIENTATION, DONOR RELATIONS, AND PERFORMANCE OF
SOUTH AFRICAN HIV/AIDS CARE PROVIDERS**

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LIST OF ABBREVIATIONS

AIDS	acquired immunodeficiency syndrome	MNC	Multinational corporation
ANC	African National Congress	MSME	micro, small and medium enterprise
ANOVA	Analysis of Variance	MO	market orientation
ARV	antiretroviral treatment	MV	manifest variable
ASGISA	Accelerated and Shared Growth Initiative for South Africa	HCP	HIV/AIDS care provider
		HCS	HIV/AIDS care supporter
AVE	average variance extracted	NGO	non-governmental organisation
CFA	confirmatory factor analysis	NNFI	non-normed fit index
CFI	comparative fit index	NPO	not-for-profit organisation
CBO	community based organisation	NSOC	not-for-profits serving other customers
COPE	Congress of the People	PPP	purchase power parity
CRM	customer relationship management	PLS	partial least squares
CSR	corporate social responsibility	RBV	resource-based view
DR	donor relations	R&D	research and development
ECM	emergent consumer market	RMSEA	root-mean-square-error-of-approximation
EM	emerging market	ROA	return on assets
EFA	exploratory factor analysis	ROI	return on investment
ECVI	expected cross-validation index	SADC	Southern African Development Community
ES	effect size	SANAC	South African National AIDS Council
FBO	faith-based organisation	SBU	strategic business unit
FDI	foreign direct investment	SDR	social desirability response
GEAR	Growth, Economic, and Redistribution	SEM	structural equation modelling
UCT GSB	University of Cape Town Graduate School of Business	SOE	state-owned-enterprise
GDP	gross domestic product	SPSS	Statistical Package for Social Scientists
GFI	goodness-of-fit index	TB	tuberculosis
GNI	gross national income	TE	transitional economy
HDI	human development index	TO	technology orientation
HDI	historically disadvantaged individual	UNAIDS	The Joint United Nations Programme on HIV/AIDS
HIC	high-income, industrialised country	UNESCO	United Nations Educational, Scientific, and Cultural Organisation
HIV	human immunodeficiency virus	UNODC	United Nations Office on Drugs and Crime
IMF	International Monetary Fund	WHO	World Health Organisation
ISI	Index of Structural Influence	WTO	World Trade Organisation
ICT	information and communication technology		
ITU	International Telecommunication Union		
LIC	low-income country		
LV	latent variable		
ML	maximum likelihood		
MTMM	multitrait-multimethod		

ABSTRACT

Infection with the human immunodeficiency virus (HIV) has reached pandemic proportions. In 2007, UNAIDS (2007) reported that 33.2 million people were living with HIV, 2.5 million were newly infected, and 2.1 million people died due to HIV and its associated disease, Acquired Immunodeficiency Syndrome (AIDS). Approximately two-thirds of these people reside in sub-Saharan Africa, a region where economic, infrastructural, and human resources are severely constrained. Infection rates in the range of 10%-35% make substantial demands on the health infrastructure of most sub-Saharan African countries and limit the amount of care provided to people infected and affected by HIV/AIDS.

In South Africa, HIV/AIDS care providers (HCPs) play a central role in delivering health and social welfare services to populations vulnerable to HIV exposure. HCPs aim to raise awareness through traditional and innovative channels to increase success in voluntary counselling and testing, help to combat HIV-related stigma and discrimination, offer affordable treatment and care, and advocate for greater treatment access. Although the dire resource constraints under which HCPs operate are well documented (UNAIDS, 2006), there is a dearth of research on their financial and nonfinancial performance.

A potentially fruitful avenue for research on the performance of HCPs is suggested by market orientation (MO) theory. Market orientation has been the subject of more than 200 prior studies. This substantial stream of research provides consistent support for the theorised positive effects of MO on financial and nonfinancial performance and for the links between theorised organisational antecedents and MO, according to several recent meta-analyses (Deshpandé & Farley, 2004; Kirca, Jayachandran & Bearden, 2005; Rodriguez Cano, Carrillat, & Jaramillo, 2004). However, the generalisability of MO theory to the contexts of emerging market (EM) institutions or HCP industries is unclear for several reasons.

Prior research on MO has been conducted primarily in high-income, Western countries, where cultural, socioeconomic and regulative institutions differ significantly from EMs. Because these institutional differences relate to basic assumptions of MO theory, EMs may present a boundary condition to MO theory (Burgess & Steenkamp, 2006). This may help explain why prior MO research in EMs presents inconsistent results that often are incompatible with MO theory. For example, although Deshpandé & Farley (2004) find that the performance effects of MO are higher in EMs, Rodriguez Cano, Carrillat & Jaramillo (2004) find that gross domestic product per capita (World Bank, 2008) and the human

development index (UNDP, 2008) do not moderate the effects of MO on performance. Rodriguez Cano, Carrillat & Jaramillo (2004) show that national culture does not affect the MO–performance link but Kirca, Jayachandran and Bearden (2005) find that MO has larger performance effects in countries in which cultural power-distance is low, such as EMs. Research on MO in EMs is needed urgently (e.g., Gao, Zhou & Kim, 2007; Grewal & Tansuhaj, 2001).

The HCP industry may present other boundary conditions to MO theory. HCPs typically operate as not-for-profit organisations (NPOs). HCPs differ from commercial organisations in many relevant respects. The "market" HCPs serve includes beneficiaries, who receive services, and but also the donors who provide the financial resources to support operations. As another example, many members of staff may be volunteers who work without receiving financial remuneration. Thus, being market-oriented requires HCPs to understand and respond to beneficiaries and to nurture reciprocal relationships with other stakeholders to whom they often must answer, especially donors, while relying on many staff who receive salaries below market value and often work without pay. This suggests that a stakeholder approach to MO may be more important for HCPs operating in turbulent and impoverished EM contexts (c.f. Hooley *et al.*, 2003), than it is elsewhere.

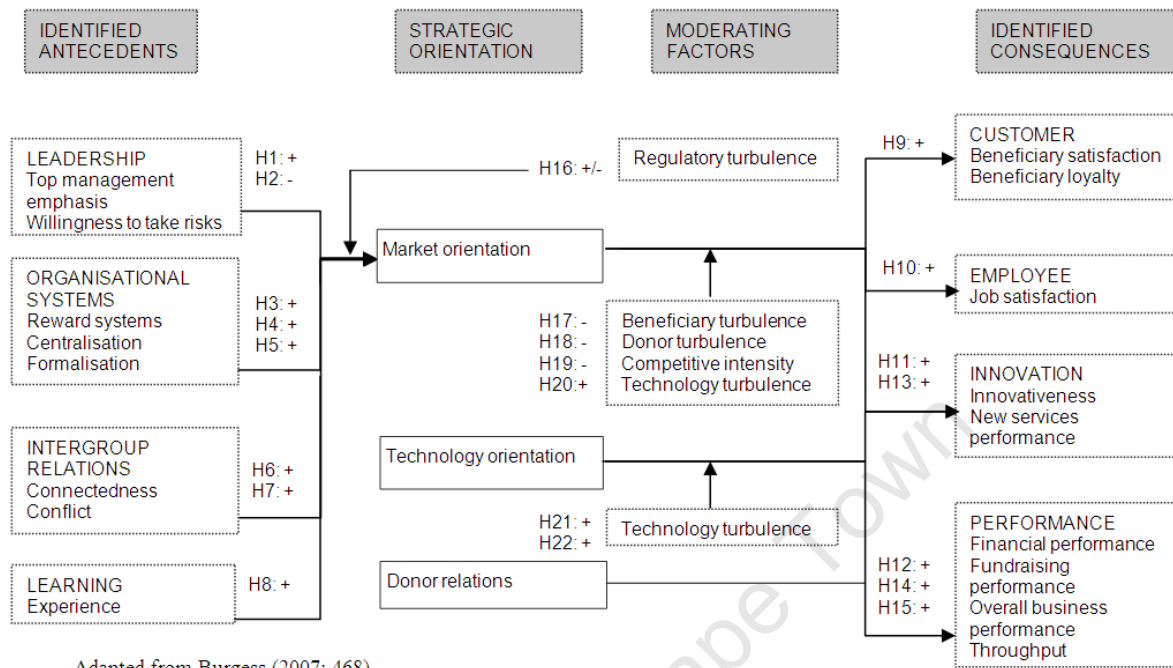
The main objective of my research is to (a) assess the generalisability of market orientation theory to the context of the HIV/AIDS care provision industry in emerging markets and (b) examine the effects of market orientation, technology orientation, and donor relations on financial, customer, employee, innovation and overall business performance. Market orientation and donor relations scales were adapted for use in the current research and a meta-analysis was conducted to provide more precise estimates of the direction and size of effects in the emerging markets and not-for-profit organisation contexts, using Hunter and Schmidt's (2004) meta-analytic approach. Hypotheses were motivated by theoretical expectations for the South African and HCP industry context and assessed systematically using structural equation modelling. In the following sections, I summarise the methods and findings of my research.

MAIN STUDY

SUMMARY OF METHODS

I collected survey data from 85 HCPs who manage organisations of different sizes, geographic locations, and fields of expertise during site visits in the Western Cape. After I captured, coded, and edited the data, I assessed multi-item measures using the confirmatory

factor analysis approach. I then conducted structural equation modelling as a rigorous test to summarise the relations of MO simultaneously within the context of South African HCPs (refer to the figure below).



SUMMARY OF FINDINGS

Market orientation theory generalises partially to South African HCPs. Centralisation of authority, formalisation of rules and policies, and interdepartmental conflict have a positive effect on MO. Market-oriented rewards seldom inspire HCPs to become market-oriented. Unconventional incentives and schemes that evoke feelings of altruism and/or belonging may be more effectual in promoting MO. In addition, MO behaviours can be undermined if HCPs must make risky decisions. HCPs avoid uncertainty because they abide by rules and are averse to initiatives or strategies that deplete their modest investments and donor funds. I expected these boundary conditions with identified antecedents and they were theoretically motivated.

Market orientation contributes considerably to the satisfaction and loyalty of beneficiaries and employees. MO motivates HCPs to adopt innovative behaviours and helps them to create new services. MO also attracts corporate, foundation, government, and philanthropic donor funding, increase revenue from services and cash flow from operations, and facilitate the achievement of overall business performance. These results are consistent with the theorised positive effects of MO on identified consequences.

Although they do not compete in the commercial sense, South African HCPs are rivals for funds and beneficiaries. They must respond to intense competition created by

globalisation (Kumar & Subramanian, 1998), which affects them directly and indirectly through beneficiaries and donors. This study reveals that competitive intensity hinders the positive effect of MO on philanthropic donor performance. Likewise, beneficiary and donor turbulence obstruct the positive influence of MO on overall business performance.

MO has a significant total effect on financial and overall business performance, through the mediating roles of donor relations (DR), technology orientation (TO) and innovativeness. MO ensures that long-term, interactive relationships with donors help improve organisational effectiveness and enhance the cash flow of operations (Ramani & Kumar, 2008). Market-oriented HCPs who adopt advanced technologies are able to transfer information more efficiently, lessen the financial burden of redundancy, and improve service delivery. Consequently, they are able to streamline business practices and increase cash flow from operations. Consistent with Kirca, Jayachandran and Bearden's (2005) meta-analysis, MO facilitates the adoption of a cultural readiness and appreciation for innovation; thus, enabling HCPs to achieve superior business performance (Prahalad, 2005).

OBTAIN ESTIMATES OF EXPECTED EFFECT SIZES

I summarise recent attempts to define the EM institutional context and understand its implications for MO theory in this thesis. I then employ meta-analytic techniques to assess MO relations of theorised antecedents and consequences.

SUMMARY OF METHODS

Using meta-analysis techniques, I assessed the results of 25 prior MO studies (4,369 subjects, 304 study-level ES estimates) conducted in thirteen EMs and published in peer-reviewed scholarly journals from 1995 to 2007. I disattenuated ES means and confidence intervals of market-oriented relations for measurement error and sample size bias. I also assessed multiple study effects of four market-oriented antecedents (e.g. reward systems, centralisation of authority, formalisation of rules, and interdepartmental conflict) simultaneously with structural equation modelling. Subsequently, I performed weighted least square regression analysis to assess the likelihood of variability in MO relations. I examined EM institutional dynamic effects using secondary data. Analogous to prior research, I assessed the effects of 12 methodological and/or contextual variables of the MO-performance relationship. I also tested mediation to ascertain whether national culture triggers economic and regulatory moderator effects, and disconfirm multicollinearity among EM institutional dynamics.

SUMMARY OF FINDINGS

The findings generally are consistent with the meta-analysis by Kirca, Jayachandran and

Bearden (2005) of studies conducted primarily on high-income Western countries. The theorised effects of MO on customer loyalty, job satisfaction, and financial performance generalise to EMs. However, some aspects of MO theory generalise only partially to the EM context. For instance, MO has positive relations with overall business performance but its ES is less than reported elsewhere. The effect of reward systems on MO is substantially larger in EMs. Other aspects of MO theory do not generalise to EMs. Centralised authority and formalised rules do not inhibit MO in EMs. Interdepartmental conflict has a significant positive effect on MO. Kirca, Jayachandran and Bearden (2005) reported results that were consistent with MO theory. These findings are consistent with my expectations of the EM institutional context.

ADAPT MARKET ORIENTATION AND DONOR RELATIONS SCALES

MO theory emphasises responsiveness to customers and competitors. Multiple stakeholder approaches to MO call attention to responsiveness to additional stakeholders (e.g. Greenley, Hooley & Rudd, 2005; Vázquez, Alvarez, & Santos 2002). A multiple stakeholder approach to MO may be especially relevant in the case of South African HCPs because stakeholders take on high importance in the NPO industry context (Kumar & Subramanian, 1998) and EM institutional context (Burgess & Nyajeka, 2007). Because of their importance in this research context, I considered stakeholders carefully when adapting existing MO scales for use in the present research. As noted earlier, HCPs serve two markets: the donors, who typically provide them financial resources to operate their businesses, and the beneficiaries who receive services at a nominal rate or free-of-charge. Consistent with the literature, the qualitative research conducted prior to field work indicated that MO (i.e. primarily toward beneficiaries) and DR should be measured independently. Therefore, I developed a separate scale to measure DR.

The goal of scale construction was to design short scales with good measurement properties. Shortened scales reduce cognitive and temporal demands on respondents, which is an important consideration in EMs due to lower formal education and increased demands on managers (Burgess & Steenkamp, 2006). The scale measuring MO was developed in the following way. To measure three underlying dimensions of MO, I borrowed a pool of 21 items from three popular MO scales (e.g. Kohli and Jaworski 1990; Narver and Slater 1992; Ruekert 1992). I conducted focus groups, pre-tests, and pilot studies with industry participants to ascertain the appropriateness and applicability of the 21 items. When necessary, I rephrased items to match formal and informal discourse. The goal of scale

construction and adaptation was to create a 12 to 15 item shortened scale for use in the current and future research. A pool twice the size of the final scale suffices, according to market researchers (e.g. De Villis, 1991).

I designed and refined the DR construct in a similar iterative fashion. I adapted seven scale items from various measures of prior research (e.g. Ramani and Kumar 2008; Reinartz, 2004). I examined content and face validity to establish the construct's relevance in the current research context and to use the construct in future research.

SUMMARY OF FINDINGS

I assessed the psychometric properties of both scales using the confirmatory factor analysis approach. Notwithstanding the rigorous pretesting, a few items with undesirable measurement properties emerged in the MO and DR scales. Fortunately, other scale items measured the same underlying constructs and I could drop these offending items without compromising measurement of the underlying constructs. The final shortened scales measuring MO (12 items) and DR (5 items) exhibit good measurement properties.

CONTRIBUTIONS OF CURRENT RESEARCH

The contributions of this study are cross-cultural, conceptual, and practical. The meta-analysis of prior MO research in EMs shows that national culture, societal beliefs, socio-economic status, and rule of law shape managerial leadership style as well as administrative systems and structures. It reveals that managers in EMs emphasise tradition, loyalty, and group solidarity and are governed by procedures and formalities. Therefore, managers with these culture priorities use bureaucratic methods and interventions to convince their employees to practice market-oriented behaviours. The meta-analysis also highlights boundary conditions for MO theory in the EM institutional context. The MO-organisational performance effect is large for countries that are poor (e.g. percentage of population lives below poverty line and net aid per capita are large) and low in human development (e.g. two-wheeler and hospital bed numbers are high). This effect is also large for governments that rule ineffectually (e.g. government effectiveness and efficiency of judicial system are low), do not enforce laws (e.g. rule of law is low and corruption for private gain is high), and regulate their industries (e.g. state-owned-enterprise influence is high).

Conceptually, some elements of MO theory do not appear to generalise to the context of HCPs in South Africa. For instance, a manager's willingness to take risks and MO are negatively related. Employees who are encouraged to be market-oriented with individual monetary rewards are not significantly market-oriented. However, centralisation of authority,

formalisation of rules, and interdepartmental conflict do not undermine market-oriented behaviours. MO has a beneficial effect on performance but its effects have limitations. The effect of MO on overall business performance may become negative as competition and/or market turbulence increase. MO should not be overemphasised if market-oriented behaviours oblige staff to satisfy beneficiaries but invariably limit the organisation from affording basic service delivery. In addition, MO cannot overcome deficiencies in expertise or dire financial circumstances in which overheads exceed business capital.

This study offers practical insights that may help South African HCPs improve financial and nonfinancial performance. HCPs should not be overly concerned that moderate levels of centralisation, formalisation, and inter-organisational conflict will reduce MO or business performance. In fact, these organisational characteristics are associated with increased information dissemination and exchange of ideas across organisations.

The results suggest two important routes to increase HCP performance. MO improves performance by increasing the likelihood of attracting donor funding and/or by increasing revenue from services, irrespective of the type of services provided by participants in this study. Adopting sophisticated technologies, innovative approaches, and interactive communication portals improves performance by increasing service quality, inter-organisational and stakeholder communication, and operational efficiencies, which may reduce reliance on donor funding.

Finally, although the scales require further validation in larger samples, HCP managers may find it very helpful to administer the MO and DR scales within their organisations. The scales are relatively easy to administer and interpret and provide useful diagnostic information.

CHAPTER 1 INTRODUCTION AND SCOPE

1.1. INTRODUCTION

Infection with the human immunodeficiency virus (HIV) has reached pandemic proportions. In 2007, UNAIDS (2007) reported that 33.2 million people were living with HIV, 2.5 million were newly infected, and 2.1 million people died due to HIV and its associated disease, Acquired Immunodeficiency Syndrome (AIDS). Approximately two-thirds of these people live in sub-Saharan Africa, a region where economic, infrastructural, and human resources are severely limited. Infection rates ranging from 10% to 35% of the population strain the health infrastructure of most sub-Saharan African countries and limit the amount of care provided to people infected and affected by HIV/AIDS.

In South Africa, HIV/AIDS care providers (HCPs) play a central role in delivering health and social welfare services to population groups at risk. HCPs aim to raise awareness through traditional and innovative channels to increase success in voluntary counselling and testing, help to combat HIV-related stigma and discrimination, offer affordable treatment and care, and advocate for greater treatment access. Although the dire resource constraints under which HCPs operate are well-documented (UNAIDS, 2006), there is a dearth of research on their financial and nonfinancial performance.

A potentially fruitful avenue for research on the performance of HCPs is suggested by market orientation (MO) theory, especially because the HCP industry may present boundary conditions to MO theory. HCPs typically operate as not-for-profit organisations (NPOs) and thus differ from commercial organisations in many crucial respects. For example, the "market" which HCPs serve includes not only the beneficiaries who receive services, but also the donors who provide the financial resources to support operations. As another example, many of their staff may be volunteers who work without receiving financial remuneration. Thus, being market-oriented requires HCPs to understand and respond to beneficiaries and to nurture reciprocal relationships with other stakeholders to whom they often must answer, especially donors, while relying on many staff who receive salaries below market value and often work without pay. This suggests that a stakeholder approach to MO may be more important for HCPs operating in turbulent and impoverished emerging market (EM) contexts (c.f. Hooley *et al.*, 2003) than it is elsewhere.

The main objective of my research is to (a) assess the generalisability of market orientation theory to the context of the HIV/AIDS care provision industry in emerging

markets and (b) examine the effects of market orientation, technology orientation, and donor relations on financial, customer, employee, innovation and overall business performance. Market orientation and donor relations scales were adapted for use in the current research and a meta-analysis was conducted to provide more precise estimates of the direction and size of effects in the emerging markets and not-for-profit organisation contexts, using Hunter and Schmidt's (2004) meta-analytic approach. Hypotheses were motivated by theoretical expectations for the South African and HCP industry context and assessed systematically using structural equation modelling.

1.2. INSTITUTIONAL CONTEXT AND DYNAMICS OF EMERGING MARKETS

The current research draws on the theoretical work of Burgess and Steenkamp (2006) to explain how marketing phenomena in emerging markets (EMs) differ from high-income, industrialised countries (HICs). According to their work, the diversity of the institutional context (e.g. cultural setting, living and economic conditions, political forces, legal rights, corporate governance) is responsible for influencing idiosyncratic consumer and organisational behaviour and practice among EMs. While their framework for a marketing renaissance expands on the theories of institutional economists (North, 1990) and social psychologists (Scott, 2001), it is theoretically groundbreaking because it presents an agenda for future research in EMs. Layton (2007: 239) further explains that "the task environment for a decision maker is ... "determined by the properties of the marketing system in which the business is embedded. The characteristics of the system define the context in which the manager's decisions will take effect". Therefore, the next section examines institutional systems (viz. socioeconomic, regulatory, and cultural systems) as a means to identify differences among EMs and how these differences impact marketing science and practice. Chapter 2 provides precise estimates of effects of MO relations by instituting a meta-analysis of studies conducted in the EM institutional and NPO industry contexts.

1.2.1. SOCIOECONOMIC SYSTEMS

Socioeconomic systems are responsible for shaping institutions (Scott & Davis, 2007). They influence social and relational identity, or shared beliefs and self-conceptions of individuals and institutions (Burgess & Harris, 1999; Milton & Westphal, 2005). In order to characterise a country's socio-economic environment, theorists and practitioners draw distinctions between diverse socioeconomic elements. They evaluate a country based on social legacies, economic and human development indicators, macroeconomic dimensions, and consumption patterns, among others. Sociologists and economists employ several of these criteria to

characterise EMs, or so-called ‘developing nations’ or ‘third world countries’ (Pacek & Thorniley, 2007). Burgess and Steenkamp (2006) define EMs broadly in terms of GDP_{PCPPP} and HDI. These markets are equal to or less than the highest country classified as ‘middle income’ [i.e. $GDP_{PCPPP} \leq \$17,887$ (World Bank, 2008)] and ‘middle human development’ [i.e. $HDI \leq .80$ (UNDP, 2008)].

The economic environment has stimulated the rapid growth of EMs. According to the Economist Intelligence Unit (Pacek & Thorniley, 2007), EMs had a combined economic output at purchase power parity (PPP) of just over 50% of total global output in 2005. EMs are expected to reach more than 65% of global output % by 2020-2025. Collectively, consumers from EMs number 4 to 5 billion people. Consumer behaviour and purchasing habits run contrary to conventional wisdom and dominant logic (Prahalad & Lieberthal, 2003). For instance, EM consumers buy luxury items, not just commodity goods. Rather than saving for the long-term, they often spend their incomes to improve quality of life and/or to seek personal status (Burgess, 2007). These consumers often pay a great deal more for special products than consumers of high-income industrial countries (HICs) do. Also, multinational corporations (MNCs) originating from EMs are dismantling entire industries and changing rules of global rivalry (Engardio, 2006). These promising giants push prices at levels unheard of while still thriving on profits using their human, financial, research and development (R&D) resources, networks, and management competencies established in their home markets (Mahajan & Banga, 2006).

Emergent markets differ markedly in relation to HDI and GDP_{PCPPP} (Burgess & Nyajeka, 2007). A scatterplot (refer to Appendix A, Figure 6) was created using data collected on 138 countries and accessed on March 2008. The two conveniently parcelled classes are emergent consumer markets [$\$3,453 \leq GDP_{PCPPP} \leq \$17,887$ and $.61 \leq HDI \leq .89$] and low-income countries [$GDP_{PCPPP} \leq \$3,452$ and $HDI \leq .60$].

Emergent consumer markets (ECMs) have a relative comparative advantage over low-income countries (LICs) given their emphasis on trade liberalisation and regional free trade agreements (World Bank, 2008). Many receive more foreign direct investments (FDI) in the form of joint ventures, mergers, and licensing agreements than some HICs. Net private capital flows are positive and merchandise trade and the current account balance of payments is often at a surplus. ECMs also score high on the global competitiveness index, which comprises of factors that are critical to driving productivity and competitiveness (World

Economic Forum, 2006).

MNCs from foreign countries are attracted to ECMs for several reasons. Their relatively higher levels of urbanisation, compared to LICs, favour lower unemployment rates and greater skills compared to LICs. ECMs also have higher levels of market efficiency, technological readiness, and innovation. Their modern infrastructure, transportation, and communications systems also contribute to significantly lower costs in equipment, distribution, and networking to reach existing and enter new markets. ECMs have a more sophisticated business environment, and consumers benefit particularly from more developed social institutions and micro, small, and medium enterprises (MSMEs) (ITU, 2006; World Bank, 2006a; 2006c).

The demographic attributes of ECMs are dissimilar to those of LICs (UN, 2008; World Bank, 2008). Most ECMs have huge market sizes. The trends in population growth, crude birth and fertility rates are more positive in ECMs. Likewise, ECMs are typically more crowded in urban areas. These attributes encourage future revenue streams and decrease costs in communication and distribution.

Rapid socioeconomic change has smoothed the progress of agrarian existences to modern lifestyles for ECMs since the mid 1980s. In general, ECMs enjoy better living standards and human development than LICs (UNDP, 2008; UNICEF, 2006; WHO, 2007). Nonetheless, the distribution of wealth for these markets is moderately unequal. The elite segment of ECMs often comprises more than 20% of the population. It alone influences the advancement of product development, the scale of economies, and the transition to consumer-driven commerce and critical consumption.

In sharp contrast, LICs are plagued by macroeconomic instability, mismanagement of public finances, high inflation, and slow market growth (IMF, 2006; World Bank, 2006b; 2008). Their markets depend heavily on financial and technical assistance and aid from multilateral organisations. Governments of LICs borrow extensively from the private sector for financial credit and have difficulty encouraging non-residents to procure government issued loans. MNCs and local businesses are constrained by weak financial and energy infrastructure and high taxes.

Mass-market segments of LICs are time rich, money poor, and cognitively less complex. These people live below the international poverty line and their levels of education and health are exceptionally low (UNESCO, 2008; World Bank, 2008; WHO, 2007). They also live in poor sanitary conditions and do not have access to improved water sources. Public and private spending on education and health is low and the prevalence of HIV and tuberculosis

(TB) is exceptionally high. Moreover, functional adult illiteracy limits mass-market segments of LICs from accessing employment in the formal sector.

1.2.2. REGULATIVE SYSTEMS

The regulative system establishes legal rules, structures, and processes. Legal institutions are political and governing bodies that ensure the conformity, enforcement, and accountability of legal systems (La Porta *et al.*, 1998). They offer stability, order, continuity, and meaning to society (Scott, 2001). Markets are often controlled by public policy in that legal institutions have the authority to impose sanctions on businesses that do not abide by legal systems (Harris & Carman, 1983). The political subsystem, in particular, shapes product, labour, and capital markets (Khanna, Palepu & Sinha, 2005). Traditions and institutions of governance are exercised for the common good. Governing bodies coordinate structures and activities to legitimise order. They oversee and manage hierarchical organisations and set boundaries for their functioning with intergroups and individuals (North, 1990; Wilson, 1980).

Since the late 1980s, the global environment has fuelled dramatic socio-political change in EMs. Transitional economies (TEs) are EMs experiencing transition from long legacies of isolationism. Their governments formerly denied citizens' basic political and civil rights and/or ruled politically under Communist or Nationalist ideologies. However, sanctions that were imposed on TEs have been lifted due to their governments' willingness to change. To some extent, TEs practice institutional democracy and good governance (Freedom House, 2007), though exceptions in terms of voice and accountability exist (Puddington, 2007). For example, Hungary, a multi-candidate democracy of more than 20 years, still experiences political schisms, major riots, and civil unrest. Communist China still marginalises the Press, suppresses social institutions, represses expression on Internet and the right to religious assembly, and prosecutes civic activists and their lawyers. El Salvador, Ghana, and Indonesia are recognised as free but are beset by historical dictatorships, civil conflict, and/or weak democratic institutions. Thailand has witnessed radical shifts in its democracy in the past five years. A new constitution was instituted following a military-led coup that deposed of its democratic leader. Soon afterwards, three prime ministers entered and exited and the parliament and judiciary were dissolved and inaugurated. On the other extreme, the militarised state of Zimbabwe violently opposes other political parties, prosecutes dissenters, and displaces thousands of citizens annually; hence, the economy of Zimbabwe, similar to the command economies of Sudan, Libya, Laos, Uzbekistan, and Cuba, is riddled with instability.

TEs are somewhat effective in government administration and institute some effective administrative checks and balances (Henisz, 2005; Kaufmann, Kraay & Mastruzzi, 2006). Their governments have established rules of law compared to those destabilised or overthrown by unconstitutional or violent means (Kaufmann, Kraay & Mastruzzi, 2006; La Porta *et al.*, 1998). Rule of law is an essential component of the governance subsystem (Licht, Goldschmidt & Schwartz, 2005). It describes the degree to which individual and organisational behaviour is guided by formal, transparent, legal rules. A lack of transparency and political stability is indicative of a weak rule of law. Hence, countries with a weak rule of law cannot safeguard against bribery, theft, fraud, and misuse.

Not all EMs have a high regard of the law. On the one hand, TEs such as Poland and developing East Asian countries observe more rules of law and order (La Porta *et al.*, 1998). They actively regulate mechanisms for the security of governance. On the other hand, TEs are often averse to litigation. The protection of investors' rights and the judiciary system's enforcement of contracts are weak. Government corruption, and the exercise of power for private gain, exists though its control is customary in TEs (Kaufmann, Kraay & Mastruzzi, 2006; Transparency International, 2006).

Legal and business practices are reasonably homogenous in TEs. Information is moderately accessible, via public credit registries and private credit bureau agencies. Procedures have become streamlined and reduced barriers of entry to various industries. TEs share moderate shareholder rights and implement reasonable scope, quality, and availability in credit reporting (La Porta *et al.*, 1998; World Bank, 2008). In addition, TEs secure more lending rights and governance practices compared to command economies (Djankov, McLiesh & Shleifer, 2007; Kaufmann, Kraay & Mastruzzi, 2006). Their employee hiring and firing regulations are also more inflexible. Other market friendly regulations, including moderate taxation on income, profits, and capital gains, facilitate foreign trade and business development (World Bank, 2006a).

The global movement of democracy and changes in political systems, legal frameworks, and market structures has encouraged the liberalisation and privatisation of enterprises in China, the former Soviet Union, Eastern Bloc, Brazil, India, and South Africa (Deshpandé & Farley, 2002; Peng, 2000). Hence, TEs are moving from command economies to market-based economies and are opening themselves up to capital, goods, and services from the advanced market economies of the West. The process of economic liberalisation and market-oriented institutional reforms in TEs has redefined competition and organisational and strategic change in these markets (Carman & Dominguez, 2001). Due to the pervasive power

of globalisation, businesses in TEs are focusing on governance mechanisms such as market discipline and state-owned ownership of capital and spending (Luo, 2005). Stakeholder influence on corporate governance relates to the formal and informal control insider stakeholders exercise on mechanisms of investor protection (La Porta *et al.*, 1998). In TEs, government intervention and community institutions are exploited to alleviate monetary and governance challenges in order to achieve socioeconomic development goals in early market emergence (Hoskisson *et al.*, 2000). Although state-owned-enterprises (SOE) continue to enjoy considerable support from their governments, this activity is declining in TEs (IMF, 2005). Governments are steadily deregulating their industries in TEs. For example, China has modified its corporate governance procedures over a span of a couple of decades. It has reformed its large publicly listed and unlisted SOEs into private commercial firms and MNCs (Peng, 1997).

1.2.3. CULTURAL SYSTEMS

The cultural system comprises of culturally held beliefs, attitudes, habits, norms, and behaviours. A number of tools have been employed by psychologists, social and political scientists, and leadership experts to classify and compare national cultures. In particular, the cultural frameworks of Schwartz (1994; 2003; 2006), Hofstede (1980; 1991; 2001), and Bond *et al.* (2004) explain variability in terms of national culture and belief systems across least 40 countries.

1.2.3.1. SCHWARTZ'S CULTURAL VALUE ORIENTATIONS

Schwartz's (1994; 2003; 2006) cultural value orientations, based on seminal work on human values, identify three basic societal issues that confront all societies. These societal issues describe individual and group relations, responsible social behaviour, and humankind's role in the natural and social worlds. The cultural adaptations to resolve each of these issues constitute his framework of three bipolar dimensions, which define seven national-cultural domains.

The first dimension characterises cultures in terms of the expression of self and social relationships. It contrasts autonomy versus embeddedness. Autonomy describes societal cultures in which the person is "viewed as an autonomous, bounded entity" and finds "meaning in (his/her) own uniqueness and seeks to express (his/her) own internal attributes" (Schwartz, 1999: 27). Embeddedness is the cultural orientation in which the person is regarded as a unit within the collectivity. Embedded cultures maintain the status quo and conform to high standards of politeness, respect, decency, and morality. Actions that might

bring an imbalance to the solidarity of a group or the traditional order are curbed. For example, countries such as Ghana, Zimbabwe, China, and Thailand score high in embeddedness in EMs.

The second dimension deals with ways in which cultures engage to elicit productive work. It distinguishes egalitarianism from hierarchy. Egalitarianism is the cultural domain that emphasises transcendence of selfish interests and the recognition of the principle of human moral equality. Since people are responsible for their social behaviour, they “are socialised to internalise a commitment to voluntary cooperation with others and to feel concern for everyone's welfare” in egalitarian cultures (Schwartz, 2006: 140). Hierarchy is a cultural domain that underscores the legitimacy of fixed roles and the unequal distribution of resources. Hierarchical cultures assign roles within hierarchical systems to ensure responsible behaviour. For instance, India, China, Zimbabwe, and Uganda score high on hierarchy.

The third dimension compares cultures in terms of how they use human and natural resources and view social goals. It separates cultures according to mastery and harmony. Mastery is a cultural domain that permits the change and exploitation of nature and the social environment. Cultures that espouse mastery encourage active self-assertion as means to attain group or personal goals. Harmony is the cultural emphasis of environmental acceptance and fit. Post-communist Central and East European markets score relatively high in harmony.

1.2.3.2. HOFSTEDE'S CULTURAL DIMENSIONS

Hofstede's four dimensions of cultural variation (1980) and his latest reformulation of time orientation (1991; 2001) examine fundamental societal obstacles. These obstacles include the degree of distance in social relationships, the degree of social inequalities, social implications of gender, the level of discomfort with economic and social unknowns, and the extent of future orientation.

The individualism/collectivism dimension explains the degree to which individuals are integrated into groups. Individualist societies tend to prefer loosely knit social frameworks in which individuals are responsible primarily for themselves and exhibit greater self-determination. Collectivist cultures prefer greater collaboration and group membership. Post-communist Central and East European markets and developing Asian, Latin American, and African countries are collective geopolitical regions. Choice in these cultures is determined by family of origin or by the organisation for which the member works (Smith,

1992b).

The power distance dimension represents the degree to which social inequalities, such as wealth, status, and power, are natural and acceptable among members of a society. Countries such as China, Ghana, and India have high power distance relations between superior and subordinate; therefore, these cultures are governed by formalities and intolerance.

The masculinity/femininity dimension explains the distribution of roles between genders. Masculinity represents the focus on achievement, assertiveness, and material success. Femininity symbolises the value of building informal relationships, cooperation, and security.

The uncertainty avoidance dimension reflects the tendency to seek stability and predictability. It features the degree to which culture makes members feel either uncomfortable or comfortable in novel, unfamiliar, unexpected, and unusual situations. Businesses operating in high uncertainty avoidance cultures are likely to have more decision-making procedures (Smith, 1992b). Latin countries rank highest on uncertainty avoidance.

The time orientation dimension helps explain the economic growth of nations. A long- and future- term orientation represents a positive, dynamic and vision oriented culture. Positive Confucian values are associated with this orientation. Hofstede (2007) ranks China and Thailand among the top long- and future-term oriented cultures. Conversely, a short- and past-term orientation corresponds to a negative, static, traditional, and ancient-oriented culture. Negative Confucian values are linked to this orientation. Pakistan, Nigeria, the Philippines, and Zimbabwe are examples of these cultures.

The Schwartz and Hofstede frameworks are interrelated. Given that embeddedness/autonomy resembles individualism/collectivism and the power distance dimension, it appears that collectivistic cultures safeguard the existing order within their societies. Harmony correlates with egalitarianism/hierarchy, which implies that some cultures rely on “hierarchical systems of ascribed roles or through a voluntary commitment to cooperate in harmony with others” (Steenkamp, 2001: 35). Mastery correlates to masculinity, which explains why some cultures sanction the exploitation of the social and natural world. Harmony draws parallels to the uncertainty avoidance dimension, underscoring that some cultures avoid uncertainty to escape conflict.

1.2.3.3. SOCIAL AXIOMS

Broadening the scope of cross-cultural analysis, Leung *et al.* (2002) use context-free, well-accepted social axioms to compare a wide range of universal social behaviours across different cultures. Social axioms overlap modestly with value-based cultural dimensions of

Schwartz (1994; 2003; 2006) and are at variance with prescriptive cultural norms. These five pan-cultural dimensions (i.e. social cynicism, social complexity, reward for application, religiosity, and fate control) are generalised beliefs that people hold about themselves and their social, physical, and spiritual universe.

Bond *et al.* (2004) identify dynamic externality and societal cynicism as national culture level indices corresponding to Leung *et al.*'s (2002) five pan-cultural dimensions. Dynamic externalism differentiates cultures on their acceptance and faith in a supreme power and fate, and their beliefs in being rewarded for observing religious and mystical practices. This dimension correlates positively with power distance and embeddedness and negatively with egalitarianism. Indonesia, Zimbabwe, and Iran have less favourable socioeconomic, educational, and political development. Countries such as these rank high in dynamic externality.

Societal cynicism classifies cultures in relation to their general distrust of social institutions and people and in relation to their views towards helplessness and goodwill. This dimension correlates negatively with individualism and long-term orientation. Post-communist Eastern European countries, Thailand and India score high in societal cynicism but other EMs including Brazil, Indonesia and South Africa are less controlled historically by it (Bond *et al.*, 2004).

Rooted in individual or group value priorities, cultural systems tend to be relatively stable over time (Schwartz, Bardi & Bianchi, 2000). Although fixed in existing cultural values or enforced through rules of an external culture, the relative influence of cultural values evolves (Craig & Douglas, 2006). Opposing cultural forces can challenge their status quo (Walsh, 2004) and societal adaptation to a host of exogenous dynamics can redefine societies (Schwartz, 2006). Therefore, minor but apparent deviations among national cultures dictate the delivery and advancement of business strategies in EMs (Steenkamp, 2001).

1.3. SOUTH AFRICAN INSTITUTIONAL ENVIRONMENT

1.3.1. ECONOMIC ENVIRONMENT

South Africa has experienced major economic growth from 1994 to 2008. Its rapid development can be attributed to its reunification with the international community and an influx of new investments subsequent to the lifting of sanctions and the end of a legacy of profound economic and social deprivation under apartheid, a nationalised system of segregationist policies in which white supremacy and labour control was legalised in the 1940s (Worden, 2007). South Africa's GDP growth rate was over 4.9% in 2007 (World Bank, 2008). Growth was largely driven by consumer spending, which was encouraged by a

strong Rand and low interest rates. In the face of higher fuel and commodity prices and the economic recession glooming on HICs in late 2008, its growth rate decreased to 3.8%. Banking, real estate, business services, information and communication technology (ICT), automotive, and mining sectors attribute to its current 0.8% net inflows of FDI as a percentage of GDP in 2007. Investments are mainly coming from China, Russia, and India and to some extent HICs.

Economists also attribute its economic growth to the African National Congress' (ANC) government policies. In order to lessen income inequality and achieve sustainable GDP growth, the South African government invested heavily in physical and social infrastructure immediately after 1994 (Pacek & Thorniley, 2007). Growth, economic and redistribution (GEAR) was a policy enacted to attract foreign investment, promote job creation, and largely encourage economic growth in 1997 (Worden, 2007). The policy stressed free market capitalism, the privatisation of SOEs, and the lessening of fiscal and tariff restrictions. Likewise, former President Thabo Mbeki's African Renaissance, which aligned South Africa with GEAR and other liberal economic policies and introduced South Africa's key role internationally and in Africa, brought an influx of FDI and introduced a host of multi-lateral political partnerships to the nation (Bongmba, 2004; Padayachee, 2006). The government's launch of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) in 2006 was to further eradicate poverty, reduce inequalities, and build more regional and international partnerships for growth and development.

Despite being vulnerable to competition and attracting fewer international investors than expected, South African businesses continue to flourish across diverse industries (The Economist, 2008b). The majority of businesses remain small to medium in size, driven domestically and owned privately. A select few are publicly traded MNCs and transnational corporations, ready and eager to challenge other businesses for their fair share of consumers. Several innovative and stakeholder-oriented MNCs are becoming the envy of competitor businesses in HICs. Johannesburg brewery SAB-Miller PLC has reinvented itself with aggressive marketing tactics and extensive marketing research, "challenging Anheuser-Busch Co.'s leadership the USA" (Engardio, 2006: 42). Similarly, Shoprite Holdings' LTD Shoprite Checkers and Pepkor Limited's PEP Stores target and understand the low-income shopper, providing value and quality. These retailers use strategies comparable to Wal-Mart to build loyalty in neglected rural areas and to nourish relationships based on trust and commitment among its distributors and suppliers. As a result, they have built empires throughout Africa and have begun to move into India (The Economist, 2005). Hospitality

leader Sun International knows how to bring lavish safari and beachfront excursions, even gaming, to elite international and national consumers (Mail & Guardian, 2006). De Beers SA Group and Anglo Gold Operations are the world's number one producers of diamonds and gold. They are actively helping to reverse South Africa's apartheid legacy of marginalisation by increasing Black representation and introducing drug therapy to their HIV infected employees (Macalister, 2005).

1.3.2. REGULATIVE ENVIRONMENT

To some extent, South Africa's economic integration with the world in 1994 is attributed to its political transformation and progressive stance on tolerance (Worden, 2007). The collapse of the Nationalist Party's government, the resistance of township activists supporting the ANC liberation movement in the mid 1980s, the ANC's transformation into a political party, and the assassination of Chris Hani, a high-profile South African Community Party leader during the Kempton Park negotiations in the early 1990s acted as political catalysts of change. Ultimately, in April 1994, 20 million South Africans participated in a democratically held election in which the ANC won 62.6% of the national vote due to its stance on the eradication of all apartheid laws and practices and call for equal access to health, education, and legal rights to all South Africans.

South Africa's stance as a democratic and multiracial country is founded on the principles of the ANC's Freedom Charter. "South Africa belongs to all who live in it, Black and White and no government can justly claim authority unless it is based on the will of the people... the rights of the people shall be the same regardless of race, colour or sex..." (Davenport, 1998: 49-77). In 1995, the Truth and Reconciliation Commission was instituted. It promised amnesty for political crimes between 1960 and 1994 for full and public testimony and disclosure by individuals and political parties who were responsible (Worden, 2007). In 1996, South Africa approved one of the most liberal constitutions in the world and set up commissions to safeguard gender and individual human rights.

Despite its progressive legislations, South Africa has experienced short periods of political turmoil in recent months. On September 2008, Thabo Mbeki was recalled from the presidency by the ruling ANC and a caretaker president Kagalema Motlanthe was appointed (The Economist, 2008b). Subsequently, global and local concerns were raised about the rule of law and durability of the constitution (The Economist, 2008a). ANC political party members were squabbling over power. Several ruling ANC national and provincial government officials formed an opposing political party called The Congress of the People

(COPE). In addition, the ANC president Jacob Zuma was continuously defending himself against corruption charges in the South African Supreme Court. However, the ANC won a decisive victory in the generally fair and peaceful April 2009 elections by promising universal access to water and sanitation, adequate housing, child grants, and healthcare to the poor and looks set to provide a stable government for the next four years. The Western Cape's new premier Helen Zille announced that her political party, the Democratic Alliance, would conduct official business without the presumption, arrogance and mismanagement of the ANC (Chothia, 2009).

1.3.3. SOCIO-DEMOGRAPHIC ENVIRONMENT

Approximately 48.5 million people reside in South Africa (Stats SA, 2007). Most live in three out of nine provinces - Gauteng (21%), KwaZulu-Natal (20%), and the Western Cape (11%). South Africans have been moving steadily out of rural areas and small towns throughout its recorded history but this trend has accelerated sharply in the last decade and the majority of South Africans now live in metropolitan areas and cities (68% in Gauteng, 39% in Kwazulu-Natal, 94% in the Western Cape) (Eighty20, 2009). South Africa's predominantly poor, uneducated and extended family households in rural areas, townships, settlements, and inner-city slums are burdened by deep-rooted problems of poverty, underdevelopment, unemployment, and low status of women including gender-based violence which act as fundamental drivers of serious diseases such as AIDS (Burgess, 2003). However, its three largest metropolises, Johannesburg in Gauteng, Durban in KwaZulu-Natal, and Cape Town in the Western Cape, are characteristically heterogeneous in terms of household size, class, occupation and education.

South Africans differ considerably in terms of income, living standards and lifestyle. According to the Gini index, which focuses on income differences among a country's nonpoor and poor, South Africa has the world's highest (reported) personal income inequality (World Bank, 2008). The top 20% of South African households receive 66.5% of the country's income, and the bottom 40% receives a mere 6.3%. Compared to 15% of Gauteng residents who earn above a monthly household income of R20,000 (~\$2,500), 7% earn a similar household income in the Western Cape and Kwazulu-Natal (Eighty20, 2009). Conversely, compared to 3% of Gauteng and 2% of Western Cape households, 9% of people in Kwazulu-Natal earn less than R800 (~US\$100) a month.

South Africans are also divided along racial and ethnic lines and differ considerably in spoken language and degree of acculturation (Burgess, 2003). While most South Africans

are Black (79% of total population), significant White, Coloured and Asian/Indian racial groups live in the country (Stats SA, 2007). Blacks from ethnic tribes including Zulu, Xhosa, Tsonga, Tswana, Sotho, Ndebele, etc. reside predominantly in rural areas, townships and settlements across the country. A large number (60%) of Coloured South Africans from Khoikhoi, San, Malay, or mixed Black and European origins live in the Western Cape. Most (62%) White South Africans with European origins and speak English and/or Afrikaans live in Gauteng and the Western Cape. Conversely, the majority (67%) of Indian/Asian-descent South Africans live in the Eastern Cape.

The country's high degree of cultural pluralism originates from colonial and settler encroachment of its land, the introduction of foreign labour in the 1650s and apartheid's structured segregationist policies and laws which led to white supremacy rule and intolerance towards non-white communities in the early 1820s (Worden, 2007). Income inequality and racial discrimination that plagued South Africa's previous market structures and systems, in particular, create divisions in consumer purchasing power (World Bank, 2008). The Minister of Finance Trevor Manuel (2001) eloquently expresses this situation, "apartheid may be dead, but its corpse is still very much with us".

Burgess (2003) identifies four major South African consumer groups, using multiple correspondence analysis from primary data on situational experiences and social identities. Rural Survivalists (26% of consumers) are predominantly Black South Africans who live agrarian lifestyles and participate in informal trade and barter. They earn an average monthly household income of R1,000 (~US\$125) and often rely on their extended family members from metropolitan areas to provide them with financial support. Emerging Consumers (39% of consumers) are mainly Black and Coloured South Africans who earn an average monthly household income of R2,800 (~US\$350). They enjoy basic standards of living such as running water, electricity and flush toilet. These two consumer groups include shack-dwellers, farm workers, job seekers, and domestic workers who are located in rural areas as well as small to large villages and townships. Urban Middle Class (26% of consumers) earn an average monthly household income about R7,500 (~US\$940). Although their disposable incomes are much lower than middle-income consumers of HICs, Urban Middle Class consumers generally aspire to international consumer trends. Their households have electricity, running water, a flush toilet, a geyser, TV, fridge/freezer, home telephone and microwave oven and sometimes a car. Urban Elite (8% of consumers) earn at least an average monthly household income of R15,000 (~US\$2,000). They enjoy a standard of living comparable to the middle and upper class of HICs. For example, wireless Internet

connections are common features in their homes. In recent years, the majority of Urban Elites are Black, whereas White South Africans enjoyed these privileges 15 years ago. These last two consumer groups are located mainly in urban areas.

1.3.4. CULTURAL ENVIRONMENT

Like other EMs, South Africa as a society places an intense emphasis on Schwartz's (2006) cultural value orientations of embeddedness and hierarchy. At an individual level, South Africans relate to Schwartz's (1994) higher order value type of self-transcendence (and to a lesser extent conservation) (Burgess, 2003). Self-transcendence is the promotion of the welfare of others, close and distant, and of nature, and the transcendence of selfish concerns. It brings together motivational value types of universalism and benevolence (refer to Schwartz & Boehnke, 2004 for definitions and examples for value types). Conservation is the preservation of the status quo and the assurance it provides individuals. It combines motivation value types of security, tradition, and conformity (refer to Schwartz & Boehnke, 2004). Self-transcendence contradicts South Africa's legacy of apartheid, but conservation is a common value among EMs (Burgess & Steenkamp, 1999).

South Africa's transition into the global scene has shaped a set of emerging values in an increasingly large minority of South Africans. However, South Africans do not prioritise achievement and self-direction values. According to economists (e.g. Stiglitz, 2006), their minor emphasis in these values may be a serious obstacle to the proliferation of South Africa's market-based free-system enterprise.

1.4. SOUTH AFRICAN HIV/AIDS EPIDEMIC

South Africa accounted for the largest number (32%) of new HIV infections and AIDS deaths globally in 2007 (UNAIDS, 2007). Disturbingly, HIV infection levels have not subsided since 2002. Young men and women ages 15 to 24 account for half of all new HIV infections. Nearly 90% percent of children infected with HIV live in South Africa and surrounding regions. The epidemic varies within South Africa: 15% of residents in the Western Cape Province are infected whereas 39% of residents in the KwaZulu-Natal Province are infected (Department of Health, 2007). The epidemic is prevalent throughout informal South Africa communities of historically disadvantaged individuals (HDIs).

The HIV/AIDS epidemic overwhelms South Africa's economic stability. Foreign investors ask for premium rates of return of 18-20% due to the HIV/AIDS association (Pacek & Thorniley, 2007). South Africa's economy would have increased by 20% in 2012 had it not been for high infection rates. AIDS-related illnesses and deaths undermine South

Africa's infrastructural, human, and social capital as well as its government's capacity to improve public service delivery (The Economist, 2001).

Economists and public officials agree with health professionals that HIV is a public health hazard in South Africa. Health care costs and burial fees are soaring and business revenues related to absenteeism, funeral attendance, additional training, and labour turnover are being decimated. An uneven distribution between private and public health expertise and capacity adds to the government's burden (WHO, 2007). "Merely increasing the numbers of health workers will not be enough to solve the human resources crisis", announced Professor Dingie van Rensburg, Director of the Centre for Health Systems R&D of the University of the Free State at the Third National AIDS Conference (IRIN, 2007). Progressive local leadership, tapping into the rich pool of human resources embedded in communities, and the translation of treatment plans into action are ways in which South Africa has planned to abate the epidemic.

An optimistic shift in the regulatory mind-set of the South African government has been surfacing since 2002. As a decisive move on the part of the government, laws and regulations that improve the holistic health of HIV/AIDS communities are being designed and approved and draconian measures of inefficiency are being restructured. However, Mbeki presidency questioned the existence of HIV/AIDS for several years and the South African government emphasised the alleviation of poverty and malnutrition as top social priorities (Worden, 2007). At least 85% of HIV patients were not receiving antiretroviral treatment (ARVs) by mid-2005 (UNAIDS, 2007). Two progressive provinces, Western Cape and Kwazulu-Natal, made provisions to mobilise free medication to HIV/AIDS patients before the central government. The central government denied treatment access to many patients even though international courts gave South Africa's largest pharmaceutical company, Aspen Pharmacare, the right to produce generic ARVs in 2003 at 17% to 41% less than the price of patented versions (Wines, 2003) and the G8 Summit expressed a commitment to provide universal ARV access to patients in early 2005. Moreover, the South African central government continued to make treatment accessible despite pharmaceutical companies selling their ARVs at cost in 100 countries worldwide (Capell, 2007).

Many AIDS deaths occur, symptomatic of the unmet need for ARVs in Africa (UNAIDS, 2007). Hence, the central government has shifted its emphasis of HIV prevention to AIDS treatment since mid-2007 (IRIN, 2004; Leithhead, 2003). This activity was set in motion when the South African Constitutional Court ordered the government and its structures to distribute ARVs in 2002 (Ilfie, 2006). The five-year National Strategic Aids

Plan, drafted by the government, businesses, and NPO leaders and adopted by the South African National Aids Council (SANAC), also expects the central government to spend R44.9 billion (~\$US5.6 billion) on halving new HIV infections (International Marketing Council of South Africa 2007). SANAC's target is to treat 80% of people in need of ARVs by 2011 (IRIN, 2007). The government's attempt new strategy has commenced with 140,000 of 983,000 eligible patients receiving ARVs since early 2007 (Stevens, 2007). In particular, not-for-profit HCPs play a central role in assisting the central and provincial governments to deliver treatment to patients across South African provinces.

1.5. SOUTH AFRICAN NOT-FOR-PROFIT ORGANISATIONS

The Department of Social Development (formerly named the Department of Welfare and Population Development) defines the South African NPO as a trust, company, or other association of persons established for a public, private/independent, or voluntary purpose (Government Gazette, 1997). The NPO's goal is to fulfil a basic mission and its structures and activities are to be relatively consistent with its mission. The South African NPO is self-governing, and therefore has complete control over its own activities in accordance within its own procedures. The income and property of the South African NPO are not distributable to its members, office-bearers, trustees, and directors. However, reasonable compensation is acceptable for services rendered. The South African NPO cannot use the services of government structures or representatives and select them on its board. However, it can receive financial support from government structures and carry out government contracts. Finally, NPO directors cannot demand compulsory contributions from donors and membership but they can encourage volunteers to participate in day-to-day activities.

Under the Company Act 61 of 1973, the South African NPO can be classified as a voluntary association, community based organisation (CBO), non-governmental organisation (NGO), charity, faith-based-organisation (FBO), trust, or Section 21 Company. NPOs differ mainly in their governance structures and regulatory requirements (Department of Welfare and Population Development, 1999). Voluntary associations are usually small organisations that do not possess or manage substantial budgets or valuable property and equipment. Constitutions of voluntary associations provide for the appointment of a group of people with executive powers to manage their affairs. Trusts are arrangements set out by a board of trustees who are responsible for administering the assets of beneficiaries. Trustees are able to achieve the objectives of the trust similar to the powers of for-profit-businesses. Section 21 companies resemble the legal structures of for-profit businesses but cannot distribute shares

or pay dividends to their members. The provisions of Section 21 Companies are more complex and detailed than other NPO classifications. While they are subject to substantial public disclosure and statutory control, Section 21 Companies have considerable freedom in their internal management.

Under the NPO Act of 1997, the South African NPO can register free of charge if it submits the following to the Department of Social Development: i) a constitution, a deed of Trust, or Article of Association; ii) a completed application form; and iii) a narrative and financial report.

After the first democratic, non-racial elections in 1994, GEAR defined the role of the not-for-profit sector in poverty alleviation. The Minister of Social Development clarified that the South African NGO must “first act as monitor of the public good and safeguard the interests of the disadvantaged section of society. The performance of this social watch role requires both transparency and accountability on the part of the NGO. The government’s second expectation is that NGOs will assist in expanding access to social and economic services that create jobs and eradicate poverty amongst the poorest of the poor” (Department of Welfare and Population Development, 1999). In 1998, the major drivers of service delivery were cultural, recreational, advocacy, and political organisations (Swilling & Russell, 2002). Nearly ten years later, a large percentage of South African NPOs have set their priorities towards health and social services with the goal of responding to the mandates of the South African government and its local structures (SANGONeT, 2006).

This chapter characterised the EM institutional context and highlighted the South African institutional environment. It demonstrated the impact of the HIV/AIDS epidemic on South African communities, businesses, and government structures. It also demarcated the role of the NPO industry context in South Africa. Chapter 2 reports the direction and strength of effects of MO and its theorised relations in the EM and NPO contexts.

CHAPTER 2 META-ANALYSIS: MARKET ORIENTATION, ANTECEDENTS, CONSEQUENCES

Chapter 2 reports the direction and strength of MO relations with theorised antecedents and consequences in the EM institutional and NPO industry context, using Schmidt's (2004) meta-analytic approach. Firstly, it explains the reasons why the meta-analytic approach was reinstated. Then the direction of effects obtained in this meta-analysis study is compared to those of Kirca, Jayachandran and Bearden (2005). Finally, the precise ES estimates obtained in this meta-analysis are interpreted and compared to those of Kirca, Jayachandran and Bearden (2005).

Appendix B provides additional information on the meta-analysis. It identifies the different types of meta-analytic approaches and how the meta-analysis facilitates the advancement of research. It also contains the assumptions and technical details of this study's meta-analysis.

2.1. RATIONALE OF THIS META-ANALYSIS

Market orientation has been the subject of more than 200 prior studies. This substantial stream of research provides consistent support for the theorised positive effects of MO on financial and non-financial performance, and for the links between theorised organisational antecedents and MO, according to several recent meta-analyses (Deshpandé & Farley, 2004; Kirca, Jayachandran & Bearden, 2005; Rodriguez Cano, Carrillat, & Jaramillo, 2004). However, the generalisability of MO theory to the contexts of EM institutions or HCP industries cannot be assumed to hold automatically for several reasons.

MO researchers have primarily published in high-income, Western countries, where cultural, socioeconomic, and regulative institutions differ significantly from EMs. Because these institutional differences relate to basic assumptions of MO theory, EMs may present a boundary condition to MO theory (Burgess & Steenkamp, 2006). This may help explain why prior MO research in EMs presents inconsistent results that often are incompatible with MO theory. For example, although Deshpandé & Farley (2004) find that the performance effects of MO are higher in EMs, Rodriguez Cano, Carrillat & Jaramillo (2004) find that gross domestic product per capita (World Bank, 2008) and the human development index (UNDP, 2008) do not moderate the effects of MO on performance. Rodriguez Cano, Carrillat & Jaramillo (2004) show that national culture does not affect the MO–performance link but Kirca, Jayachandran and Bearden (2005) find that MO has larger performance effects in countries in which cultural power-distance is low, such as EMs. Research on MO in EMs is needed urgently (e.g., Gao, Zhou & Kim, 2007; Grewal & Tansuhaj, 2001).

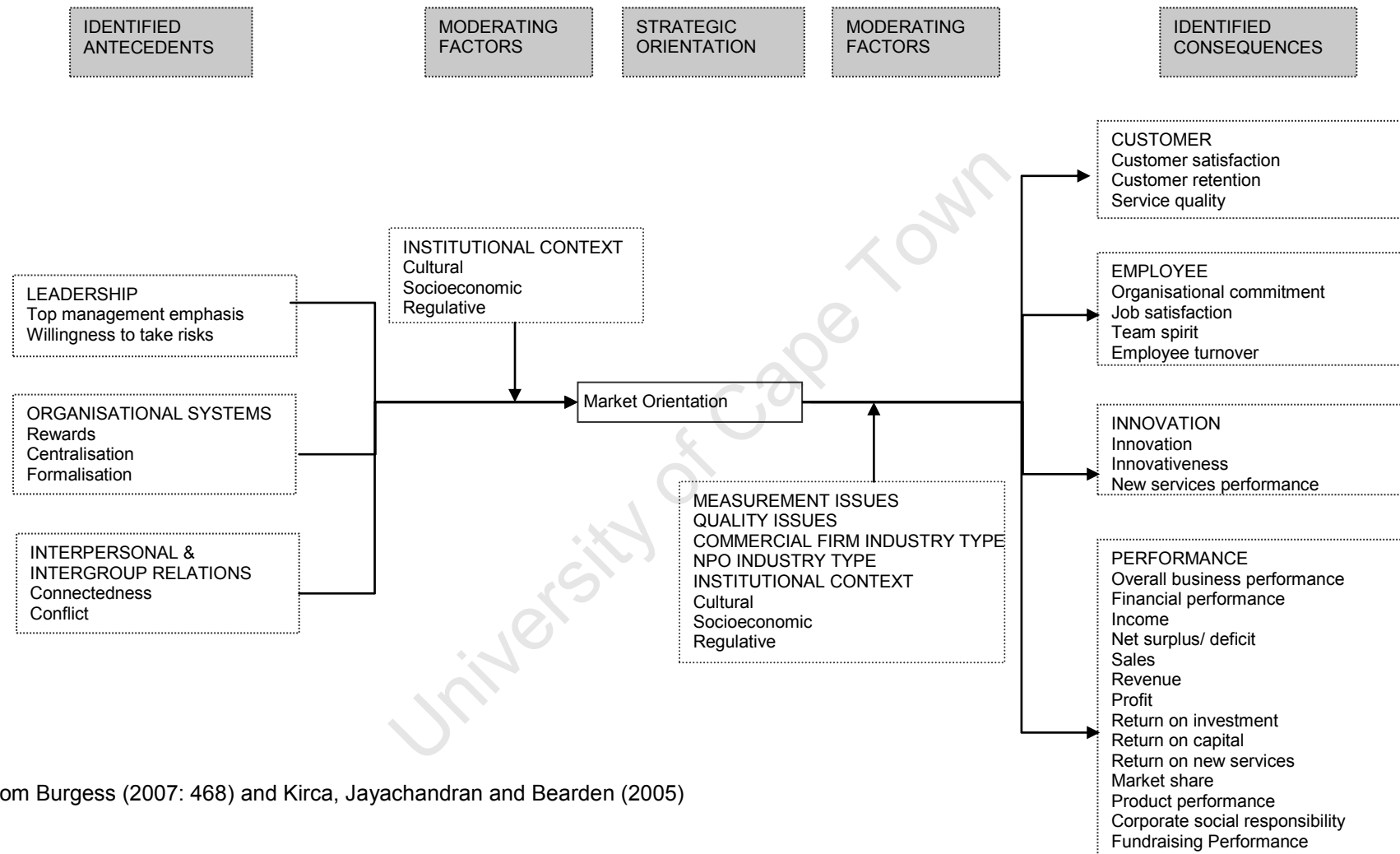
To a lesser extent, prior MO research has focused on the NPO industry context. Although there is no *a priori* reason to believe that South African HCPs are any different from other NPOs, the South African HCP industry could conceivably present boundary conditions to MO theory. NPO managers are mandated to respond to various customers and stakeholders in their marketing strategies without accruing large profit margins. They must serve their beneficiaries, fundraise to their donors, and compete with other businesses with the support of employees who receive salaries below market value and volunteers who are remunerated through unconventional incentives.

Hence, precise ES estimates for MO relations from EM and NPO studies were obtained to better understand the EM institutional and NPO industry contexts. However, I draw inferences from the direction rather than strength of the estimates in order to formulate hypotheses for my main study. I do so for two reasons. First, there is considerable heterogeneity in EMs (see Chapter 1 for more details) which can cause the direction of MO effects to differ across EMs. Second, fewer than thirty-six studies were included each of the meta-analyses that I conducted.

2.2. OVERVIEW OF META-ANALYTIC FINDINGS

Figure 1 illustrates the various structural relations tested in this study's EM institutional and NPO industry meta-analyses. According to Table 1, the effects of MO on theorised consequences are positive. These findings are comparable to those established in Kirca, Jayachandran and Bearden's (2005) meta-analysis. However, some effects of theorised antecedents on MO are positive in the EM context. These findings contradict those obtained in Kirca, Jayachandran and Bearden's (2005) meta-analysis. Therefore, my assumption that MO theory is partially generalisable to the EM institutional context holds true.

Figure 1. Hypothesised Model of Meta-Analysis: Market Orientation and Its Structural Relations



Adapted from Burgess (2007: 468) and Kirca, Jayachandran and Bearden (2005)

Table 1. Overview of Pairwise Relations of MO across Different Meta-Analytic Studies

	Direct Effects					
	Bivariate Effects			Multivariate Effects		
	Kirca, Jayachandran & Bearden (2005) meta-analysis	EM meta-analysis	NPO meta-analysis	Kirca, Jayachandran & Bearden (2005) meta-analysis	EM meta-analysis	NPO meta-analysis
Top management emphasis -> Market orientation	+	+	NA	+	NA	NA
Willingness to take risks -> Market orientation	-	+	NA	NA	NA	NA
Market-oriented reward systems -> Market orientation	+	+	NA	+	+	NA
Centralisation of authority -> Market orientation	-	+	NA	-	+	NA
Formalisation of systems -> Market orientation	-	+	NA	-	+	NA
Interdepartmental connectedness -> Market orientation	+	+	NA	+	NA	NA
Interdepartmental conflict -> Market orientation	-	+	NA	-	+	NA
Market orientation -> Customer satisfaction	+	+	+	NA	NA	NA
Market orientation -> Customer loyalty	+	+	NA	+	NA	NA
Market orientation -> Job satisfaction	+	+	NA	NA	NA	NA
Market orientation -> Innovativeness	+	+	NA	+	NA	NA
Market orientation -> New service development	+	+	NA	NA	NA	NA
Market orientation -> Financial performance	+	+	+	NA	NA	NA
Market orientation -> Overall business performance	+	+	+	NA	NA	NA

NA = no effects were derived for this hypothesised relation

2.3. DIRECT EFFECTS

2.3.1. BIVARIATE EFFECTS

Table 2 provides an overview of disattenuated mean effect sizes and disattenuated ranges of market-oriented relations for EM and NPO studies. The theorised effects of MO on customer loyalty, job satisfaction, and financial performance generalise to EMs and NPOs.

However, some aspects of MO theory generalise only partially to the EM context. For instance, MO has positive relations with overall business performance in EMs but its estimated ES is less than the estimated ES obtained from NPO studies and those reported elsewhere. Conversely, the effect of reward systems on MO is substantially larger in EMs.

Other aspects of MO theory do not generalise to EMs. Centralised authority and formalised rules do not inhibit MO in EMs. Interdepartmental conflict has a significant positive effect on MO. Kirca, Jayachandran and Bearden (2005) reported results that were consistent with MO theory. These findings are consistent with expectations that derive from the EM institutional context.

Table 2. Overview of Pairwise Relations of Market Orientation

Construct (Theoretical Expectations)	Number of Effects	Total Sample Size	Disattenuated Mean ES	Disattenuated Range
Emerging Market Studies				
Antecedent of Market Orientation	18	481		
Leadership				
Management emphasis (+)	2	320	.43***	.09-.78
Risk aversion (+)	2	320	.24*	-.04-.53
Organisational Systems				
Reward systems (+)	3	481	.61***	.33-.89
Centralisation (+)	3	481	.11 (NS)	-.13-.34
Formalisation (+)	3	481	.07 (NS)	-.12-.27
Interpersonal and Intergroup Relations				
Interdepartmental connectedness (+)	2	320	.38***	.03-.73
Interdepartmental conflict (+)	3	481	.22*	-.08-.52
Consequences of Market Orientation	32	5,636		
Organisational Performance	22	4,870	.32***	.21-.44
Overall business performance (+)	9	1,525	.29**	.13-.46
Profit (+)	4	963	.29**	.09-.49
Sales (+)	4	849	.25**	.06-.43
Revenue (+)	3	584	.39***	.11-.67
Return on investment (+)	5	783	.25***	.05-.45
Market share (+)	5	931	.32**	.13-.51
Product performance (+)	2	730	.27***	-.00-.54
Corporate social performance (+)	2	418	.52***	.09-.95
Organisational Customer Consequence	5	914	.42***	.18-.65
Customer retention (+)	5	914	.41***	.15-.68
Customer satisfaction (+)	1	225	.34***	--
Service quality (+)	1	179	.40***	--
Organisational Employee Consequence	4	716	.38***	.05-.62
Organisational commitment (+)	3	537	.37**	-.01-.76
Job satisfaction (+)	2	374	.41***	.07-.72
Team spirit (+)	1	163	.57***	--
Employee turnover (+)	1	179	.18*	--
Organisational Innovation	6	1,391	.38***	.05-.71
Product innovation (+)	1	176	.61***	--
Radical innovation (+)	2	577	.04 (NS)	-.26-.35
Incremental innovation (+)	2	577	.43***	.09-.77
Innovativeness (+)	1	297	.25***	--
New product performance (+)	2	341	.62***	.26-.98
Substantive Moderators	9	917	--	--
Market Turbulence (-)	5	917	-.19*	-.53-.18
Competitive Intensity (+)	4	755	.08 (NS)	-.15-.32
Not-for-Profit Studies				
Consequences of Market Orientation	11	2,214		
Organisational Performance	9	1,682	.33**	.14-.53
Overall business performance (+)	2	379	.70***	.40-.99
Financial performance (+)	2	394	.24*	-.12-.61
Income (+)	2	292	.32**	.00-.64
Return on capital (+)	1	70	.55**	--
Return on new services (+)	1	70	.43**	--
Net surplus/ deficit (+)	1	101	-.06 (NS)	--
Fundraising performance (+)	3	871	.08	-.04-.20
Organisational Customer Consequence	2	523	.38**	.05-.71
Customer retention (+)	1	70	.35**	--
Customer satisfaction (+)	1	453	.38**	--

* $p < .05$, ** $p < .01$, *** $p < .001$, NS = non-significant

2.3.2. MULTIVARIATE EFFECTS

According to the multivariate analysis of EM studies, reward systems, centralisation, formalisation, and interdepartmental conflict have positive effects on MO (refer to Appendix B for details on the methods employed). Rewards systems had positive and robust path coefficients and interdepartmental conflict had positive and strong path coefficients. In other words, reward systems and interdepartmental conflict encourage the market orientation of commercial firms in EMs. Path coefficients for centralisation and formalisation are positive but negligible. Essentially, centralised authority and formalised rules do not inhibit MO in EMs.

2.4. MODERATOR EFFECTS

According to the multivariate regression analysis of EM and NPO studies, several moderators indirectly influence MO and its theorised antecedents and consequences (refer to Appendix B for details on the methods employed). Table 3 summarises the effects of categorical moderators (i.e. measurement, quality, and contextual issues) that influence the relations of MO and organisational performance for EM and NPO studies. Tables 4 to 6 summarise the effects of institutional dynamic moderators (i.e. socio-economic, regulatory, and cultural systems) that affect the relations of MO and its antecedents and organisational performance for EM studies.

2.4.1. MEASUREMENT ISSUES

In the following section, I examine measurement issues related to the market orientation construct and the performance measure.

2.4.1.1. MARKET ORIENTATION MEASUREMENT

2.4.1.1.1 *MARKOR vs. MKTOR Scale*

MO researchers often employ the MARKOR or MKTOR scales of market orientation (refer to Chapter 3 for a detail comparison of the two constructs). Rodriguez Cano, Carrillat, and Jaramillo (2004) suggest the MARKOR scale explains more variance for the MO-performance relationship. This meta-analysis of EM studies reveals similar findings. The MARKOR scale also accounts for more variance for MO-overall business performance, MO-financial performance, and MO-strategic performance.

2.4.1.1.2 *Combined vs. Discrete MO Constructs*

MO researchers have also integrated multiple MO constructs in order to improve the validity and reliability of their adapted scales (refer to Chapter 3 for an overview of adapted scales). Rodriguez Cano, Carrillat and Jaramillo (2004) report that the MARKOR scale rather hybrid

MO scales explain more variance for the MO-overall business performance relationship. Conversely, this study's EM meta-analysis suggests that hybrid MO scales improve the MO-overall business performance relationship. Integrated scales also explain more variance for the links between MO and organisational performance and strategic performance. Based on these findings, I suspect that a shortened not-for-profit MO scale that integrates various cultural and behavioural elements will perform well in the EM institutional context.

2.4.1.2. PERFORMANCE MEASUREMENT

2.4.1.2.1 Subjective vs. Mixed Performance Measures

The MO literature has made use of both objective and subjective performance measures. Objective performance measures are indicators of unbiased, calculated data. They are financial figures obtained directly from firms or through secondary sources. Conversely, subjective performance measures refer to perceptual measures of performance gathered through self-report surveys (Ailawadi, Dant & Grewal, 2004). In other words, they are judgmental assessments of internal or external respondents. They tend to cover a range of financial and non-financial indicators.

While some studies (Pearce, Robbins & Robinson, 1987; Venkatraman & Ramanujam, 1986) have found consistency between the subjective and objective measures, researchers are in favour of subjective measures. They encapsulate more complex dimensions of performance than that of a single element of an objective measure (Rodriguez Cano, Carrillat & Jaramillo, 2004). Judgmental assessments of performance can be quantified in comparison to objectives or competitors (Hooley *et al.*, 1999) and facilitate the use of longitudinal effect analysis (Gebhardt, Carpenter & Sherry, 2006). Researchers observe less method variance with subjective data compared to archival data (Greenley, 1995a). Subjective measures are more appropriate for profit performance comparisons in cross-industry studies given that profit levels vary considerably across industries (Dawes, 1999; Deshpandé & Farley, 2004). Subjective measures easily capture dimensions that objective performance measures such as joint venture performance, social corporate responsibility, and citizenship cannot capture (Anderson, 1990; Kumar, Stern & Achrol, 1992; Maignan & Ferrell, 2004).

Moreover, objective measures of performance are often from unreliable secondary sources (Pitt, Caruana & Berthon, 1996). Some authors (Dess & Robinson, 1984; Pelham & Wilson, 1996) point out that large firms are often unwilling to divulge actual data due its commercially sensitive and confidential nature and others (Raju, Lonial & Gupta, 1995) have observed that smaller, less sophisticated firms generally lack objective data. Some objective

measures, for example the ROI metric, have temporal properties. The internal antecedents of performance in any one year may not relate very directly to performance for that year, even though they may seem to be highly correlated (Jacobson, 1987).

Nevertheless, subjective measures have proven subject to error. They can cause recency bias, given that information on recent events may not be readily available (Tversky & Kahneman, 1973). Likewise, these measures are subject to random inaccuracy and systematic mean-shifts (Mezias & Starbuck, 2003). Finally, empirical studies seldom control for response style bias in perceptual measures (Baumgartner & Steenkamp, 2001).

Often when MO researchers employ both subjective vs. objective measures in their studies, the effects of MO on performance are at variance. Kirca, Jayachandran and Bearden (2005) reported that subjective of measures of financial performance lead to higher correlations between MO and performance due to common-methods variance. This study's EM meta-analysis also reveals that subjective performance measures produce larger MO-organisational performance and MO-financial performance effects. Informants are less transparent when they report the financial performance of commercial firms in EMs.

On the contrary, the effects of MO on not-for-profit performance do not differ when researchers employed both subjective and mixed performance measures. Based on these conflicting findings, I test both subjective and objective measures of performance in my main study.

2.4.1.2.2 Multiple- vs. Single- Item Performance Measures

MO research on commercial firms uses financial, non-financial and overall business performance measures (Narver & Slater, 1990; Ruekert, 1992). Multi-item measures are typically capable of capturing various facets of complex constructs (Ambler & Roberts, 2006; Churchill, 1979; Clark & Watson, 1995).

However, Kirca, Jayachandran and Bearden (2005) found that variance there is no difference in multi- and single- item performance measures for MO-organisational performance relationship. This study's EM and NPO meta-analysis agrees with Kirca, Jayachandran and Bearden's (2005) findings. Hence, I use both multi- and single- item performance measures in my main study.

2.4.1.2.3 Cost-Based vs. Revenue-Based Performance Measures

Researchers often test the effects of MO on measures of cost-based performance and revenue-based performance (Harris, 2001; Jaworski & Kohli, 1996). Sales growth and market share are revenue-based performance measures that overlook the cost of

implementing a strategy. Profitability and ROI are cost-based performance measures that reflect performance after the costs of implementing a strategy. Market share and ROI are also meaningful indicators of profitability (Buzzell, Gale & Sultan, 1975; Jacobson, 1987).

MO has been argued to enhance sales performance but its implementation reduces profits (Jaworski & Kohli, 1993). In other words, continuous customer satisfaction improvements may increase revenue but the allocation of resources to loyalty programs will invariably increase costs (Rust, Moorman & Dickson, 2002).

Market orientation helps firms strengthen a revenue-expansion emphasis (i.e. enhance the customer base of a business) through the mediating effects of service delivery, satisfaction, and retention (Johnson & Gustafsson, 2000). Conversely, technology orientation reinforces a cost-reduction emphasis because firms are able to obtain cost advantages (Hamel & Prahalad, 1991). Consistent with prior research in HICs (c.f. Rust, Moorman & Dickson, 2002), market-oriented firms in EMs that adopt a revenue-expansion emphasis over a cost-reduction emphasis achieve superior organisational performance. Therefore, I expect market-oriented South African HCPs to perform better if they adopt a revenue-expansion emphasis.

2.4.1.2.4 Cost-Based vs. Overall Business Performance Measures

Overall business performance fuses measures of revenue- and cost- based performance and is measured against business objectives, largest competitors, and previous years. MO researchers in EMs assess informants' perceptions of overall business performance for several reasons. First, organisational informants from commercial firms in EMs are often non-transparent when reporting subjective financial performance or reluctant to offer their financial records (Deshpandé & Farley, 1999). Second, overall business performance helps researchers ascertain whether MO improves multiple business objectives simultaneously.

According to my EM meta-analysis, commercial firms in EMs that emphasise cost-reduction perform better than those that emphasise overall business performance. Based on this finding, I assume that market-oriented South African HCPs will report a low overall business performance given that a dual emphasis on profits and market share is often costly for their organisations.

2.4.2. QUALITY ISSUES

Meta-analytic studies often use type of publication, especially citation-based measures of journal influence, to test the moderating influence of quality. While two citation-based measures are universally employed, top-tier journals are classified as those with ISI-ratings of 1.000 or higher. Second-tier journals do not match this criterion. Empirical research

published in top-tier journals follow superior methodological techniques, claim significant or unique findings, tested randomly by blind reviewers, and are practical in their implications. In particular, top-tier marketing (e.g. *Journal of Marketing*, *Journal of Research in Marketing*, *International Journal of Research in Marketing*) literature provides generally stronger correlations between MO and several performance measures.

The Social Science Citation Index (SSCI) impact factors are known to “capture the recent, direct influence of the average article published, including self-citations” and the ISI-rating of journals denotes “the total weighted influence of a journal in a specific network of journals” (Baumgartner & Pieters, 2003: 127). The ISI-rating system is “based on a substantive theory of influence in exchange network and identifies both the level and span of journal influence” (Baumgartner & Pieters, 2003: 137). Three basic measures determine whether the ISI-rated journal is important in the network, i.e. the number of journal citations received, its relative influence over a time-period, and its relative span of influence in a marketing subarea.

This study’s meta-analysis found that the quality of a study, as determined by the ISI-rating of the journal, moderates the MO-organisational performance relationship. Hence, top quality journals report higher MO-organisational performance effects.

2.4.3. COMMERCIAL FIRM INDUSTRY TYPE

An inventory of empirical research reveals that MO has a large effect on performance, irrespective of industry. The meta-analysis of Kirca, Jayachandran and Bearden (2005) shows that the effect of MO on performance is smaller for services firms compared to manufacturing firms. They rationalise that given the fact that service providers customise their services, they need to hire and train qualified employees. In turn, lower production efficiency and greater organisational costs limit service providers from achieving higher profits.

The meta-analysis of Rodriguez Cano, Carrillat and Jaramillo (2004) presents contradictory findings. They found that service providers and retailers observe more customer-focused rather than product-oriented strategies. They interpret their findings to suggest that service providers and retailers are more in tune with their customers; therefore, more skilled in pleasing them and keeping them as loyal patrons. This study’s EM meta-analysis also reveals that the MO-organisational performance effect is larger for service providers and retailers compared to manufacturing firms. Therefore, I expect market-oriented HCPs achieve high levels of organisational performance.

2.4.4. NOT-FOR-PROFIT INDUSTRY TYPE

NPOs can be grouped according to the type of markets they serve and the source of funding they receive (Hay, 1990). The markets they serve may be either homogeneous or heterogeneous. A homogenous market simplifies the development of the marketing mix. Charities and social service agencies serve homogenous markets, or financially disenfranchised beneficiaries with a limited number of offerings (Bennett, 2003). Catering to a heterogeneous market becomes more complex. Due to the sheer number of market players involved, the distribution of products and delivery of services complicates business operations. Often, organisational inefficiency has shown to hamper market-oriented behaviours and practices for these NPOs. For example, donors may divert additional funding and income from successful projects to weaker ones.

Exceptions do exist. For example, the healthcare provider serves a heterogeneous market. The large healthcare provider often thrives in uncertain or risky environments and competes regularly with commercial firms and public agencies (Bhuiyan, Menguc & Bell, 2005; Lonial & Raju, 2001). Not-for-profit status arguably enables not-for-profit healthcare providers to exploit government funding and benefit from lower prices (Sloan, 1998). While higher profit margins from other projects can cross-subsidise unprofitable care, unsponsored research, and medical education, donors have a bias for the not-for-profit healthcare provider and prefer to fund them.

This study's meta-analysis examined the moderating effect of industry context. The MO-organisational performance relationship is equally significant for healthcare service providers and other not-for-profits. Therefore, I do not expect market-oriented healthcare service providers to attain better performance outcomes compared to other South African HCPs.

2.4.5. INSTITUTIONAL CONTEXT

Market-oriented commercial firms achieve superior organisational performance and overall business performance in the LIC institutional context. Thus, I anticipate market-oriented South African HCPs to have weaker financial and nonfinancial performance compared to those HCPs situated in LICs.

Table 3. Categorical Moderator Effects on Market Orientation and Performance Consequences

Independent Variables (Reference Level Stated First)	Hypothesised Models							
	Organisational Performance		Overall business performance		Financial Performance		Strategic Performance	
	β^a	t-value	β	t-value	β	t-value	β	t-value
Emerging Market Studies								
Market Orientation	.47	2.37**	.19	10.29***	.39	5.98***	.61	7.63***
Measurement								
MARKOR vs. MKTOR scale	.24	25.61***	.06	6.41***	.26	28.53***	.19	26.92***
Combined vs. discrete MO constructs	.14	21.83***	.13	15.41***	.02	3.47***	.29	30.15***
Subjective vs. mixed performance	.49	11.83***	.22	14.71***	.17	8.20***	.20	29.38***
Multiple- vs. single- item performance	.06	1.63(NS)	--	--	--	--	--	--
Cost- vs. revenue-based performance	-.05	4.62***	--	--	--	--	--	--
Cost- vs. dual-based performance	.33	40.66***	--	--	--	--	--	--
Cost-based vs. overall business performance	.15	12.27***	--	--	--	--	--	--
Quality								
Top vs. second tier publication	.16	4.40***	--	--	.12	4.61***	--	--
Contextual								
Manufacturing vs. service firms	-.12	5.39***	.00	.18(NS)	-.12	10.78***	--	--
Manufacturing vs. retail firms	-.11	3.54***	-.22	14.95***	-.23	10.14***	--	--
Cross-sectional vs. single industries	.19	6.52***	.17	12.45***	.22	20.37***	--	--
LICs vs. ECMs	.10	6.78***	.02	2.03*	.11	25.33***	--	--
F-statistic	7.21**		420.7***		34.33(NS)		5.45(NS)	
Degrees of freedom	9,15		5,9		1,9		2,3	
Adjusted R ²	.80		.99		.97		.73	
Not-for-Profit Studies								
Market Orientation	.17	.21(NS)	--	--	--	--	--	--
Measurement								
MARKOR vs. MKTOR scale	.74	1.00(NS)	--	--	--	--	--	--
Combined vs. discrete MO constructs	.32	.77(NS)	--	--	--	--	--	--
Subjective vs. mixed performance	.41	.39(NS)	--	--	--	--	--	--
Multi- vs. single- item performance	.38	.81(NS)	--	--	--	--	--	--
Fundraising- vs. revenue-based performance	.02	.03(NS)	--	--	--	--	--	--
Fundraising- vs. dual-based performance	.00	.00(NS)	--	--	--	--	--	--
Contextual								
Healthcare vs. other not-for-profit industries	.38	.43(NS)	--	--	--	--	--	--
F-statistic	.30 (NS)		--	--	--	--	--	--
Degrees of freedom	7,1		--	--	--	--	--	--
Adjusted R ²	.68		--	--	--	--	--	--

^a Standardised coefficients for MO and unstandardised coefficients for categorical moderators

* $p < .05$, ** $p < .01$, *** $p < .001$, NS = non-significant

2.4.6. INSTITUTIONAL DYNAMIC MODERATORS

2.4.6.1. SOCIOECONOMIC SYSTEMS

According to Table 4, the meta-analysis of prior MO research in EMs substantiates the influence of socioeconomic dynamics on MO and its antecedents across EMs. In addition, it highlights boundary conditions for MO theory in the EM institutional context.

Commercial firms in ECMs adopt more market-oriented reward systems. They are in a far better socioeconomic position than those in LICs to offer market-based rewards such as competitive salaries as well as market-oriented rewards. Commercial firms in ECMs tolerate moderate levels of interdepartmental conflict. In countries with moderate levels of human development and telecommunication infrastructure, employees engage in intense discusses and share ideas and information across intergroups.

Conversely, bureaucratic structures and systems accelerate market-oriented behaviours in LICs. Centralisation of authority and formalised rules are cultivated in countries with low economic status, consumption, human development, and institutional infrastructure.

The MO-organisational performance effect is large for countries that are poor (e.g. percentage of population lives below poverty line and net aid per capita are large) and low in human development (e.g. two-wheeler and hospital bed numbers are high). Therefore, “LICs are attractive markets for appropriate products and sources of new competition that even Fortune 100 multinationals should not ignore” (Burgess & Nyajeka, 2007: 241).

These meta-analytic findings agree with studies that suggest commercial firms thrive better in turbulent markets compared to mature markets (Deshpandé, Farley & Bowman, 2004; Hooley *et al.*, 2003; Burgess & Nyajeka, 2007). A range of dynamics, including new entrant penetration, fluid competition, changing customer preferences and expectations, and low adoption levels attribute to turbulence in EMs. Moreover, turbulent environments repeatedly undergo high levels of interperiod change (Dess & Beard, 1984). Dynamic and volatile conditions are prevalent with sharp discontinuities in demand and growth rates (Glazer & Weiss, 1993). Market and/or technological changes are frequent and unpredictable within an industry, and both risk and uncertainty are ubiquitous (Calantone, Garcia & Dröge, 2003). Previous patterns of behaviour are also uninformative (Mintzberg & Waters, 1985

Table 4. Socioeconomic System Effects on Market Orientation and its Relations, EM Studies

	Antecedents						Consequence			
	Market-oriented reward Systems		Centralisation		Formalisation		Interdepartmental conflict		Organisational performance	
	(+/-) ^a	t-value ^b	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value
Economy										
GDP _{PC} , PPP	+	1.78*	-	.53(NS)	-	3.22**	+	3.54***	-	3.97***
International poverty line	+	1.02(NS)	+	1.76*	-	2.02*	-	.08(NS)	+	5.03***
CGI	--	--	--	--	--	--	--	--	-	1.06(NS)
International trade										
Gross private capital flows	--	--	--	--	--	--	--	--	-	2.93***
FDI	+	.05(NS)	-	3.45***	+	.19 (NS)	+	3.60***	+	.91(NS)
Merchandise trade	-	.75(NS)	-	3.96***	-	.97 (NS)	+	5.20***	-	4.59***
Current account balance	+	1.74*	-	1.78*	-	2.91**	+	6.52***	-	1.64(NS)
Money supply										
Consumer price index	-	.65 (NS)	+	3.93***	+	.88(NS)	-	5.10***	+	.02 (NS)
GDP implicit price deflator	+	.50 (NS)	+	2.73**	-	1.14(NS)	-	1.94*	+	.94 (NS)
Credit and debit										
Net aid _{PC}	+	1.90*	-	3.01**	-	3.25**	+	6.26***	-	3.76***
Use of IMF credit	+	1.80*	-	3.39***	-	3.03**	+	6.47***	-	1.02(NS)
Domestic credit to private sector	-	.87(NS)	+	4.02***	+	1.27(NS)	-	5.55***	-	1.59(NS)
Energy, infrastructure, and transportation										
Electric power consumption	+	1.69*	+	3.84***	+	.60(NS)	-	4.74***	-	3.55***
Paved roads	--	--	--	--	--	--	--	--	+	3.24***
Passenger cars	--	--	--	--	--	--	--	--	-	3.41***
Two-wheelers	--	--	--	--	--	--	--	--	+	3.24***
Communications										
Households with televisions	-	1.88*	-	3.63***	-	2.81**	-	4.29***	-	2.59**
Personal computers	-	.83(NS)	+	4.01***	+	1.20(NS)	-	5.47***	-	2.98**
Internet users	-	.65(NS)	+	3.93***	+	.88(NS)	-	5.10***	-	3.86***
Secure servers	-	1.17(NS)	+	4.04***	+	1.83*	-	6.08***	+	3.25**
Mobile phone subscribers	+	.41(NS)	-	3.78***	-	.44(NS)	+	4.53***	+	4.45***
Population										
Crude birth rate	-	1.23(NS)	-	1.27(NS)	+	2.37*	-	.78(NS)	+	1.76*
Fertility rate	-	.31(NS)	-	3.01**	+	.81(NS)	+	2.54*	+	1.67*
Urban density	+	.99(NS)	-	4.04***	-	1.49(NS)	+	5.77***	-	1.96*
Urban population growth	+	1.47(NS)	-	3.90***	-	2.38*	+	6.44***	+	1.75*
Consumption										
GINI index	-	1.70*	+	3.61***	+	3.89***	-	6.49***	+	2.17*
Household consumption expenditure	-	.50(NS)	-	3.63***	-	2.81**	+	6.44***	-	1.78(NS)
Human development										
HDI	+	1.88*	-	1.08(NS)	-	3.36***	+	6.44***	-	2.79**
Improved sanitation facilities	+	1.17(NS)	+	1.43(NS)	-	2.26*	+	.50(NS)	-	3.60***
No access to improved water source	+	1.97*	-	2.33*	-	3.43***	+	5.68***	-	.72 (NS)
Health										
Private health expenditure	-	.30(NS)	+	3.69***	+	.25(NS)	-	4.26***	+	3.78***
Public health expenditure	-	.25(NS)	+	3.65***	+	.17(NS)	-	4.13***	-	3.70***
Life expectancy at birth	+	1.47(NS)	-	3.90***	-	2.39**	+	6.44***	-	1.48(NS)
Hospital beds	--	--	--	--	--	--	--	--	-	4.30***
TB cases prevalence	-	1.82*	+	3.34***	+	3.07**	-	6.45***	+	2.56*
HIV prevalence	-	1.41(NS)	-	.81(NS)	+	2.65***	-	1.54(NS)	+	.05 (NS)
Literacy and education										
Illiteracy rate, adult total	--	--	--	--	--	--	--	--	+	2.19*
Public education expenditure	--	--	--	--	--	--	--	--	+	4.64***

$p < .05$, $p < .01$, $p < .001$, NS = non-significant

^a +/- values symbolise the direction that moderators play on MO relationships

^b adjusted t value tests for homogeneity of variance

2.4.6.2. REGULATORY SYSTEMS

According to Table 5, regulatory dynamics have conflicting effects on MO and its antecedents across EMs.

Commercial firms in TEs facilitate reward systems and encourage interdepartmental conflict. Their economies are more democratic and institute fair corporate governance policies and methods; therefore, commercial firms in these economies are in a better position to support employees who are interested in market-oriented rewards. In contrast, command economies are more embroiled in corruption; thus their commercial firms and SOEs place more emphasis on the custom of market-based reward systems. Moreover, employees of commercial firms in TEs enjoy functional conflict across departments because they feel protected by freedoms and civil liberties and rules of law and order.

Commercial firms in command economies have learnt that bureaucratic systems do not undermine market-oriented behaviours. While affected by political volatility and government inefficiency and restricted by hurdles of free trade and weak rules of law in terms of bankruptcy and licensing, commercial firms in command economies establish formalised rules and procedures and systems of centralisation to help them become market-oriented.

The MO-organisational performance effect is large for governments that rule ineffectually (e.g. government effectiveness and efficiency of judicial system are low), do not enforce laws (e.g. rule of law and order is low and corruption for private gain is high), and regulate their industries (e.g. state-owned-enterprise influence is high).

Table 5. Regulative System Effects on Market Orientation and its Relations, EM Studies

	Antecedents						Consequence			
	Market-oriented reward systems		Centralisation		Formalisation		Interdepartmental conflict		Organisational performance	
	(+/-) ^a	t-value ^b	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value
Public governance										
Political rights and civil liberties	+	1.76*	-	3.50***	-	2.94**	+	6.50***	-	1.55(NS)
Political constraints index	--	--	--	--	--	--	--	--	-	.31(NS)
Voice and accountability	+	1.82*	-	3.33***	-	3.07**	+	6.45***	-	1.66(NS)
Political stability	+	1.97*	-	2.30*	-	3.50***	+	5.64***	-	3.73***
Government effectiveness	+	1.84*	-	3.22**	-	3.12**	+	6.41***	-	3.01**
Law enforcement										
Confidence in rule of law	+	1.86*	-	3.20**	-	3.15**	+	2.01*	-	1.75*
Rule of law and order	--	--	--	--	--	--	--	--	-	2.53**
Judicial system efficiency	--	--	--	--	--	--	--	--	+	4.06***
Courts and property rights	--	--	--	--	--	--	--	--	-	1.13(NS)
Risk of expropriation	--	--	--	--	--	--	--	--	+	1.30(NS)
Risk of contract repudiation	--	--	--	--	--	--	--	--	-	1.82*
Contract enforcement days	-	5.13***	+	1.50(NS)	+	3.43***	-	4.78***	-	1.72*
BDI	+	.41(NS)	+	2.86*	-	.99(NS)	-	2.23*	-	1.60(NS)
Crime										
Property crime	--	--	--	--	--	--	--	--	+	.23(NS)
Public corruption	--	--	--	--	--	--	--	--	+	.61(NS)
CPI	+	1.97*	-	1.94*	-	3.45***	+	5.27***	-	3.96***
Corruption for private gain	+	1.85*	-	3.22**	-	3.14**	+	6.39***	-	3.43***
Ownership										
Ownership by shareholders	--	--	--	--	--	--	--	--	-	3.11**
Average market capitalisation	+	.70(NS)	-	3.95***	-	.95(NS)	+	6.45***	-	3.83***
Government influence	--	--	--	--	--	--	--	--	-	3.49***
SOE influence	--	--	--	--	--	--	--	--	-	4.21***
Shareholder rights										
Voting or representation	--	--	--	--	--	--	--	--	-	1.64(NS)
Oppressed minorities mechanism	--	--	--	--	--	--	--	--	-	3.93***
Pre-emptive rights to new issues	--	--	--	--	--	--	--	--	-	4.17***
Creditor rights										
Creditor rights	+	1.17(NS)	-	4.04***	-	1.83*	+	2.54*	--	--
FIII index	--	--	--	--	--	--	--	--	-	1.48(NS)
Reorganisation restrictions	--	--	--	--	--	--	--	--	-	3.10***
Taxation										
Taxes	--	--	--	--	--	--	--	--	+	.39 (NS)
Time to prepare and pay taxes	+	.86(NS)	-	4.02***	-	1.26(NS)	+	5.53***	+	.41 (NS)
Total tax payable by businesses	-	.36(NS)	+	3.94***	+	.90(NS)	-	5.12***	-	.21 (NS)
Corporate governance										
Regulatory quality	+	1.26(NS)	-	4.02***	-	1.99*	+	6.21***	-	3.19**
Public registry	-	1.46(NS)	-	.64(NS)	+	2.74*	-	1.81*	-	.49(NS)
Private bureau	+	1.86*	-	3.20**	-	3.15**	+	6.38***	-	4.21***
Information sharing	+	.66(NS)	-	3.93***	-	.88(NS)	+	5.10***	-	4.38***
Business development										
MSMEs	--	--	--	--	--	--	--	--	+	3.12**
Time to start a business	+	.92(NS)	-	1.85*	-	1.85*	-	.47(NS)	-	1.33(NS)
Time to close a business	-	.99(NS)	+	4.04***	+	1.49(NS)	-	5.77***	+	4.80***
Cost to procure a business license	+	1.22(NS)	+	1.30(NS)	-	2.35*	+	.74(NS)	+	.88 (NS)
Cost to register property	--	--	--	--	--	--	--	--	+	1.63(NS)
Business constraints										
Policy uncertainty	--	--	--	--	--	--	--	--	-	3.15**
Tax rates	--	--	--	--	--	--	--	--	-	2.49*
Corruption	--	--	--	--	--	--	--	--	-	4.79***
Labour										
Rigidity employment index	--	--	--	--	--	--	--	--	+	1.93*
Unemployment	--	--	--	--	--	--	--	--	-	.99 (NS)

^{*} $p < .05$, ^{**} $p < .01$, ^{***} $p < .001$, NS = non-significant

^a +/- values symbolise the direction that moderators play on MO relationships

^b adjusted t value tests for homogeneity of variance

2.4.6.3. CULTURAL SYSTEMS

The interpretation of organisational ideologies and practices are strongly influenced by national culture (Nakata, 1999). The underlying systematic differences in managerial decision-making and approach are also determined by national culture (Steenkamp, 2001). Therefore, national culture has the ability to advance idiosyncratic marketing practice (Nelson & Gopalan, 2003).

The findings presented in Table 6 support the theory that national culture and societal beliefs shape managerial leadership style as well as administrative systems and structures. Commercial firms in EMs that emphasise tradition, loyalty, and group solidarity are governed by procedures and formalities. Likewise, employees with cultures that accept a fair degree of inequality will consent to the centralisation of authority. Therefore, managers in these cultures use bureaucratic methods and interventions to convince their employees to practice market-oriented behaviours. Conversely, collective cultures that avoid ambiguity refrain from interdepartmental conflict. Their employees have difficulty challenging authority and are more obliged to engage in market-oriented behaviours to remove themselves from uncomfortable and inharmonious situations.

National culture explains consumer shopping and purchasing behaviour and the acceptance and adoption of products and services (Steenkamp & Burgess, 2002). Given that national culture has the ability to shape consumer behaviour, there is a good chance that commercial firms in EMs will be profitable if their marketing strategies are designed to conform to the value sets of consumers.

This study's meta-analysis supports the theory that cultural systems moderate the relations of MO and performance in EMs. Cultures that endorse intense inequality, espouse prejudicial attitudes towards foreigners, and are attracted to symbolic meanings of success will exceed financial and overall business performance targets when they are market-oriented. The contrary is true for cultures that are willing to advocate amity and practice surface harmony. Hence, marketing has the ability to bolster performance of MO businesses in LICs because their consumers are conditioned to lower degrees of risk, tolerate high degrees of discrimination, and place high values on status.

Table 6. Cultural System Effects on Market Orientation and its Relations, EM Studies

	Antecedents								Consequence	
	Market-oriented reward Systems		Centralisation		Formalisation		Interdepartmental conflict		Organisational performance	
	(+/-) ^a	t-value ^b	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value
Schwartz cultural dimensions										
Resultant embeddedness	+	.65(NS)	-	3.93***	-	.88(NS)	+	5.10***	+	.27 (NS)
Resultant hierarchy	-	.65(NS)	+	3.93***	+	.88(NS)	-	5.10***	+	2.65**
Resultant harmony	-	.65(NS)	+	3.93***	+	.88(NS)	-	5.10***	-	3.16**
Hofstede cultural dimensions										
Collectivism	+	.65(NS)	-	3.93***	-	.88(NS)	+	5.10***	-	.14 (NS)
High power distance	-	.65(NS)	+	3.93***	+	.88(NS)	-	5.10***	+	1.80*
Femininity	+	.65(NS)	-	3.93***	-	.88(NS)	+	5.10***	-	.24 (NS)
High uncertainty avoidance	-	.65(NS)	+	3.93***	+	.88(NS)	-	5.10***	+	3.53***
Short-term orientation	--	--	--	--	--	--	--	--	-	2.11*
Social axiom indices										
High dynamic externality	--	--	--	--	--	--	--	--	+	2.05*
High societal cynicism	--	--	--	--	--	--	--	--	-	.18(NS)

^a $p < .05$, $p < .01$, $p < .001$, NS = non-significant

^a +/- values symbolise the direction that moderators play on MO relationships

^b adjusted t value tests for homogeneity of variance

2.5. MEDIATOR EFFECTS

Institutional systems are nested in each other (Bond *et al.*, 2004). National culture is expressed in democracy, household/family size, and GNI_{PC} (Schwartz, 2006) and regulative systems are manifested in cultural and socioeconomic systems prevalent in society (North, 1990). This study's meta-analysis, according to Tables 7 and 8, corroborates that culture is embedded in the economy, international trade, household consumption, human development, public and corporate governance, and ownership. Technically, socioeconomic and regulatory subsystems mediate the association of cultural subsystems of social order, tradition, authority, fate, and intolerance and MO and organisational performance in EMs.

Table 7. Mediating Effects of Socioeconomic Systems, EM Studies

	Schwartz's cultural dimensions						Social axiom indices			
	Resultant embeddedness		Resultant hierarchy		Resultant harmony		High dynamic externality		High societal cynicism	
Socioeconomic systems	(+/-) ^a	t-value ^b	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value
GDP _{PC} , PPP	-	5.37**	-	3.15**	-	2.43*	+	4.12***	+	4.79***
International poverty line	+	5.04***	+	4.67***	+	4.11***	-	5.27***	-	5.73***
GINI index	+	.70(NS)	+	2.58*	+	1.00(NS)	-	1.10(NS)	-	.21(NS)
HDI	-	4.01***	-	3.45***	-	1.94*	+	5.78***	+	5.66***
FDI	+	2.34*	+	1.16(NS)	-	1.46(NS)	-	2.51**	-	.59(NS)
Hofstede's cultural dimensions										
Socioeconomic systems	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value
GDP _{PC} , PPP	+	4.14***	+	3.63***	+	4.36***	+	2.43*	+	3.50**
International poverty line	-	5.27***	-	5.50***	-	5.02***	-	4.14***	-	5.77***
GINI index	-	2.21*	-	2.22*	-	2.22*	-	.62(NS)	-	.22(NS)
HDI	+	2.88**	+	3.11**	+	3.11**	+	2.77*	+	3.98***
FDI	-	1.46(NS)	+	.45(NS)	-	.92(NS)	+	2.69*	-	2.33*

^a $p < .05$, $p < .01$, $p < .001$, NS = non-significant

^a +/- values symbolise the direction mediators play on the moderating role of cultural systems on the MO and organisational performance relationship

^b adjusted t value tests for mediation

Table 8. Mediating Effects of Regulative Systems, EM Studies

	Schwartz's cultural dimensions						Social Axiom Indices			
	Resultant embeddedness		Resultant hierarchy		Resultant harmony		High dynamic externality		High societal Cynicism	
	(+/-) ^a	t-value ^b	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value
Regulative systems	-	4.02***	-	3.53***	-	2.98**	+	3.29***	+	3.81***
Political stability	-	4.02***	-	3.53***	-	2.98**	+	3.29***	+	3.81***
Judicial system efficiency	+	3.64***	+	4.00***	+	3.65***	-	4.39***	-	4.61***
Corruption for private gain	-	3.59***	-	2.30*	-	1.51(NS)	+	2.90**	+	3.40***
Government influence	-	1.99*	-	3.51***	-	1.68(NS)	+	3.07**	+	3.22***
Regulatory quality	-	3.37***	-	2.79**	-	1.82*	+	3.86***	+	4.62
	Hofstede's cultural dimensions									
	Collectivism		High power Distance		Femininity		High uncertainty avoidance		Short-term orientation	
	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value	(+/-)	t-value
Regulative systems	+	3.89***	+	4.28***	+	3.90***	+	3.27***	+	3.97***
Political stability	+	3.89***	+	4.28***	+	3.90***	+	3.27***	+	3.97***
Judicial system efficiency	-	3.58***	-	4.29***	-	3.18**	-	2.74*	-	3.13**
Corruption for private gain	+	3.62***	+	3.14**	+	3.45***	+	1.45(NS)	+	2.62**
Government influence	+	5.59***	-	1.03(NS)	+	3.50***	-	.18(NS)	+	2.97**
Regulatory quality	+	3.21**	+	3.76***	+	3.21***	+	2.13**	-	3.75***

^a $p < .05$, ^{**} $p < .01$, ^{***} $p < .001$, NS = non-significant

^a +/- values symbolise the direction mediators play on the moderating role of cultural systems on the MO and organisational performance relationship

^b adjusted t value tests for mediation

In this chapter, I interpreted the findings from my EM and NPO meta-analysis and compared them with published meta-analyses. I reviewed MO literature and built hypotheses for my main study in Chapter 3 with goal of achieving the main objective of this study.

CHAPTER 3 LITERATURE REVIEW

Chapter 3 is mainly responsible for reviewing the MO literature. I begin by examining the literature under two broad perspectives of MO theory. I introduce the multiple stakeholder approach to MO, which captures the philosophical perspective of MO as well as behavioural elements of MO and draws attention to the resource-based view (RBV) of the firm. At this point, I relate the dimensions of the stakeholder approach to MO to the NPO industry context. After I review the literature on TO and DR, which are two additional strategic orientations that not-for-profit marketers often implement in their organisations, I discuss the structural relations of MO, TO and DR that will be used to formulate my research hypotheses. Finally, I consult ES estimates from varied meta-analytic studies (also available in Chapter 2 and Appendix B) to help justify the direction in which structural relations are to be expected in the South African HCP context.

3.1. MARKET ORIENTATION

3.1.1. TWO BROAD PERSPECTIVES OF MARKET ORIENTATION

Market orientation (MO) is a construct to describe the marketing concept, “a philosophy of business management, based upon a company-wide acceptance of the need for customer orientation” (McNamara, 1972: 51). The MO construct has been approached from two broad perspectives. The behavioural perspective considers MO as market-oriented behaviours and/or activities. The philosophical perspective encapsulates embedded cultural facets, such as market-oriented values and norms, as well as other psychologically endowed issues, such as market-oriented artefacts, stories, rituals, and arrangements.

While marketing scholars (Deshpandé, Farley & Webster, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990; Ruekert, 1992) suggest variant operational definitions for MO (refer to Table 9), their multi-dimensional constructs measure comparable sub-dimensions. These constructs firmly establish a customer focus. They emphasise shared knowledge and its acquisition and analysis. They advocate the interfunctional coordination of marketing activities and value the role of market responsiveness. Therefore, I assume that the two broad perspectives of MO are fundamentally the same.

3.1.1.1. BEHAVIOURAL PERSPECTIVE

A majority of MO researchers have expressed market orientation as set of activities and behaviours. Operational definitions of Narver and Slater (1990) and Kohli and Jaworski (1990) adopt the behavioural perspective. Their “instruments utilise self-reporting techniques

and rely upon perceptions and/or opinions concerning organisational activities” (Cadogan & Diamantopoulos, 1995: 42).

Narver and Slater (1990) identify MO as managerial attitudes, values, and beliefs. These scholars characterise MO as “the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business” (1990: 21). Although Narver and Slater’s definition incorporates market-oriented culture and behaviour, their operationalisation is purely behavioural. The MKTOR scale measures the degree to which the strategic business unit (SBU) engages in practices driven by a specific set of organisational values. The multidimensional 15-item construct is composed of three behavioural components: customer orientation, competitor orientation, and interfunctional coordination. A customer orientation is the present and long-term understanding of target buyers presently and over time. A customer orientation is more than being customer-led; it considers conscious and latent needs of customers (Slater & Narver 1999). It is the fundamental premise of MO (e.g. Appiah-Adu, 1998a; Sin *et al.*, 2000; Soehadi, Hart & Tagg, 2001). A competitor orientation is the acquisition of information on existing and potential competitors. It is also the understanding of the competitors’ short-term strengths and weaknesses and long-term capabilities. Interfunctional coordination is the coordinated use of a firm’s resources in creating superior value for target customers.

Kohli and Jaworski (1990) view MO as processes, activities, and behaviours within the organisation. Their operationalisation of MO suggests that organisations execute specific market-oriented activities in order to achieve their strategic goals. Market orientation is “the organisationwide generation of market intelligence pertaining to current and future customers needs, dissemination of intelligence across the organisation, and organisationwide responsiveness to it” (Kohli & Jaworski, 1990: 6). This rather operative meaning is captured with a multidimensional construct of 20 scale items. The MARKOR scale includes three factors: market intelligence generation, dissemination, and responsiveness. Market intelligence generation and dissemination are market information processing behaviours, whereas responsiveness consists of market-based organisational actions (Padanyi, 2001: 23). Market intelligence generation is the collection, monitoring, and assessment of customer needs and preferences and the forces that influence the development and refinement of those needs. Market intelligence dissemination is informal and formal communication of market intelligence with managers across marketing and other functional areas. It endows employees with a shared basis for concerted actions. Market responsiveness is “selecting

target markets, designing and offering products/services that cater to current and anticipated needs, and producing, distributing, and promoting products to elicit favourable end-customer response” (Kohli & Jaworski, 1990: 6).

3.1.1.2. PHILOSOPHICAL PERSPECTIVE

According to several MO researchers, a market orientation is a form of business culture that a firm gradually nurtures and institutes organisationwide (e.g. Borch, 1964; McNamara, 1972; Sharp, 1991). It is a “guiding philosophy for the whole organisation” (Hooley, Lynch & Shepherd, 1990: 21). The philosophical perspective of MO incorporates *a priori* unobservable phenomena (i.e. attitudes, ways of things, beliefs, values, culture) (Dreher, 1994). Researchers have used this perspective to assess the MO of SBUs of large commercial firms (i.e. Deshpandé, Farley & Webster, 1993; Homburg & Pflesser, 2000; Ruekert, 1992; Schlegelmilch & Subramanian, 2000).

Ruekert (1992: 228) defines MO as the degree to which the SBU “obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customers’ needs and wants”. Ruekert (1992) borrowed elements from MARKOR and MKTOR. But, due to concerns that these two scales lack the development of planned action, Ruekert (1992) operationalised his multidimensional 23-item MO construct to emphasise organisational processes and structures and feature the “corporate” and the “individual” markets as units of analyses. The first dimension of his scales captures the collection and use of information from customers who are the most critical elements of MO. The second dimension deals with a customer-focused strategy, defined as the development of a plan of customer action. This dimension concerns the degree to which the strategic planning process considers customer needs and wants. The third dimension relates to the implementation and execution of organisational responsiveness to these needs and wants. Only one attempt to administer Ruekert’s (1992) scale to a sample of Zimbabwean retailers has been made (Burgess & Nyajeka, 2007).

Deshpandé, Farley, and Webster (1993: 27) define MO as “the set of beliefs that puts the customer’s interest first, while not excluding that of all other stakeholders...such as owners, managers, and employees, in order to develop a long-term profitable enterprise”. Scale items are related to the customer, which is interchangeable with the word ‘market’. In subsequent research, Deshpandé and Farley’s (1998) construct represents a set of organisational activities rather a set of beliefs and values. The revised operational definition of MO is “the set of

Table 9. Strengths and Limitations of Scholarly Perspectives of Market Orientation

Perspective	Scale	Factorial Structure	Strengths	Limitations
Behavioural	MKTOR (Narver & Slater, 1990)	<ul style="list-style-type: none"> customer orientation – the understanding of target buyers presently and over time to create superior customer value competitor orientation – the acquisition of information on existing and potential competitors and the understanding of their short-term strengths and weaknesses and their long-term capabilities interfunctional coordination – the coordinated use of a company's resources in creating superior value for target customers 	<ul style="list-style-type: none"> achieves simple structure in factor analysis (Pelham, 1997) functions at the level of strategy while MARKOR serves at operational and tactical levels (Oczkowski & Farrell, 1998) captures various facets of customer value and superior business performance better than MARKOR (Oczkowski & Farrell, 1998) 	<ul style="list-style-type: none"> focuses on the strengths of competitors which is antithetical to customer orientation (Deshpandé, Farley & Webster, 1993) includes items that make no use of specific activities and behaviours that epitomise MO (Kohli, Jaworski & Kumar, 1993) neglects the speed in which market intelligence is generated and disseminated within an organisation represents a limited number of stakeholders (e.g. customers and competitors) (Matsuno & Mentzer, 2000) ignores macroenvironmental forces (i.e. demographic, social, political and technological change) (Álvarez-González, Santos-Vijande & Vázquez-Casielles, 2002) gears toward primarily behaviour despite its cultural design (Matsuno, Mentzer & Rentz, 2005)
	MARKOR (Kohli, Jaworski & Kumar, 1993)	<ul style="list-style-type: none"> market intelligence generation - the collection, monitoring and assessment of customer needs and preferences and the forces that influence the development and refinement of those needs market intelligence dissemination - the process and extent of market exchange within a given organisation market responsiveness - the coordinated action taken in response to intelligence generation and dissemination 	<ul style="list-style-type: none"> items of market intelligence help identify specific company actions that suggest the execution of the marketing concept (Diamantopoulos & Hart, 1993) is universal across industries, economies and cultural contexts (Kaynak & Kara, 2004) 	<ul style="list-style-type: none"> drops internal and external stakeholder items (Cadogan & Diamantopoulos, 1995) measures information gathering and dissemination, omitting firm-wide understanding of customers and approaches pertaining to total customer value (Pelham, 1997) does not explicitly address how the external environment (e.g. regulatory and macroeconomic) may influence these customers and competitors (Mavondo & Farrell, 2000) collapses intelligence dissemination and responsiveness into a single factor (Mavondo & Farrell, 2000) fails to factor in the external forces affecting a manufacturer and its supply chain (Voss & Voss, 2000)
Philosophical	(Ruekert, 1992)	<ul style="list-style-type: none"> the collection and use of information from customers the degree to which the strategic planning process considers customer needs and wants the implementation and execution of organisational responsiveness to customers 	<ul style="list-style-type: none"> identifies pertinent operative dimensions of MO (Vázquez, Alvarez, & Santos, 2002) adds explicit focus on strategic planning (Kaynak & Kara, 2004) 	<ul style="list-style-type: none"> lacks an internal focus, thus MO's application to modern market contexts, where service and product coexist as one offering, is diminished (Lings, 2004) is limited in its generalisability, focusing on specific situations and objectives (Harrison-Walker, 2001) is not applicable across industries (Harrison-Walker, 2001)
	(Deshpandé, Farley & Webster, 1993)	<ul style="list-style-type: none"> its influence in directing the attention and behaviour of management the marketer's self-reported customer orientation the customers' perception of the marketer's customer orientation 	<ul style="list-style-type: none"> examines and compares marketer reports and customer reports of customer orientation in a business to business environment (Baker, Simpson & Siguaw, 1999) 	<ul style="list-style-type: none"> considers only customer orientation, ignoring other stakeholders, which makes little sense theoretically (Day & Wensley, 1988) neglects the evolution of environmental forces that influence customer preferences and expectations and shape entire industries (Sanzo-Pérez <i>et al.</i>, 2003)

cross-functional processes and activities directed at creating and satisfying customers through continuous needs assessment” (Deshpandé & Farley, 1998: 226). The unidimensional 10-item MORTN construct, which borrows items from the Deshpandé, Farley and Webster (1993) MO construct along with MKTOR and MARKOR was subsequently synthesised. A stream of publications employs the MORTN construct in order to test the effect of MO on performance across institutional and industry contexts.

Homburg and Pflesser (2000) define market-oriented culture as a hierarchy of market-oriented values, norms, artefacts and behaviours. Their theoretical work is rooted in the organisational symbolism perspective of organisational culture. Schlegelmilch and Ram (2000) define strategic market orientation as a corporate philosophy that pursues organisational excellence by emphasising customer needs. EM researchers have yet to employ Homburg and Pflesser (2000)’s multi-faceted construct and Schlegelmilch and Ram (2000)’s unidimensional 10-item measure.

3.1.2. INTEGRATION OF MARKET ORIENTATION MEASUREMENT SCALES

In order to improve the reliability and validity of MO constructs, marketing scholars (Deng & Dart, 1994; Pelham, 1997; Matsuno & Mentzer, 2000) have assimilated various operationalisations of the construct. Deng and Dart (1994: 726) define MO as “the generation of appropriate market intelligence pertaining to current and future customer needs, and the relative abilities of competitive entities to satisfy these needs; the integration and dissemination of such intelligence across departments; and the coordinated design and execution of the organisation’s strategic response to market opportunities”. Their 25-item multidimensional construct has been employed in several studies (e.g. Deng & Dart, 1999; Santos-Vijande *et al.*, 2005; Singh & Ranchhod, 2004).

Pelham (1997) create a pure hybrid of MKTOR and MARKOR constructs when examining small manufacturing firms across the USA. He pooled 47 items, assessed their validity and reliability in a pilot study, and then deleted items that did not load onto a unidimensional measurement model. His unidimensional 9-item MO construct has been adopted in several studies (e.g. Appiah-Adu, 1997; Pelham, 1999; Pelham & Wilson, 1996).

Matsuno and Mentzer (2000) create a hybrid of MKTOR and MARKOR constructs and new items pertaining to a firm’s market- and macro- environments in order to study manufacturing firms across the USA. After dropping 24 items due to poor factor loading, Matsuno & Mentzer (2000) devised their 22-item 3-factor MO construct. Matsuno, Mentzer and Rentz (2005: 4) later defined MO as “a set of intelligence generation and dissemination

activities and responses pertaining to the market participants (i.e. competitors, suppliers and buyers) and influencing factors (i.e. social, cultural, regulatory and macroeconomic factors)". Their construct has a "greater potential to explain a broader range of the phenomenon" ... and provides "a more accurate picture of the relationships" than other measurement models"; however, its inclusion of several concepts weakens the construct's unidimensionality and predictive validity (Matsuno Mentzer & Rentz, 2005: 4).

3.2. STAKEHOLDER ORIENTATION

The works of Deshpandé, Farley and Webster (1993), Kohli and Jaworski (1990), Narver and Slater (1990), and Ruekert (1992) are embedded in the operational definition of stakeholder orientation. This orientation advocates that the MO domain must incorporate the stakeholder theory. A strategic management philosophy of the corporate firm, the stakeholder theory is analogous to the total business concept (Donaldson & Preston, 1995; Evan & Freeman, 1993). It depicts a business as an open and flexible system made up of diverse actors or stakeholders. Within this system, a network of active relationships exists among these actors. Also known as the multifiduciary stakeholder concept, a term popularised by Freeman (1984), holds that managers are fiduciaries responsible for the interests of all stakeholders.

From a commercial perspective, the stakeholder is "any group or individual who can affect or is affected by the achievement of an organisation's purpose" (Freeman, 1984: 53). Internal stakeholders (e.g. employees and managers) are involved directly in coordinating and performing productive activities. External stakeholders (e.g. investors and strategic partners) provide only indirect or partial support for organisational activities. In addition, customers, regulators, pressure groups, and local residents largely encounter the organisation for a variety of reasons.

Internal stakeholders are involved in the NPO in a similar manner to those in the commercial firm. Organisational by-laws and responsibility mandate direct internal stakeholders such as board members, part-time and offsite trustees, and representatives of beneficiaries to participate and consult in quarterly meetings (Balabanis, Stables & Phillips, 1997). Likewise, intermediary not-for-profit stakeholders including volunteer workers, staff managers, union representatives, and board leaders are to be valued (Bruce, 1995).

In HICs, NPOs sustain a large number of volunteers with special concerns through intrinsic motivations and beneficiary appreciation (Balabanis, Stables & Phillips, 1997). However, South African volunteers from rural areas and townships expect tangible outcomes in return for services performed. Due to South Africa's high unemployment rate and

promises of professional experience and monetary stipends, South African volunteers become involved in day-to-day operations as active supporters of their organisations.

Moreover, direct and indirect external stakeholders are able to affect the business outcomes of a typical NPO. A subset of external stakeholders (e.g. marketing agencies, management consultants, media and suppliers) have an indirect impact on donor and beneficiary satisfaction and organisational success (Bruce, 1995). Other stakeholders (e.g. direct and indirect competitors or collaborators) complement or withhold resources and capacities (Huxham & Vangen, 1996).

Stakeholder theory posits that three fundamentals impact organisations. These fundamentals include the nature of an organisation's diverse stakeholders, the norms defining right or wrong adopted by these stakeholders, and the stakeholders' relative influence on organisational decisions (Jones, 1995; Maignan & Ferrell, 2004). Descriptive/empirical, normative, and instrumental stakeholder theories have evolved since Freeman's (1984) groundbreaking work.

The descriptive/empirical theory synthesises corporate systems in order to predict organisational behaviour (Donaldson & Preston, 1995). It describes how the firm is organised, how managers think about managing, how board members think about the interests of their constituencies, and how some corporations are managed.

The instrumental stakeholder theory views the firm as a nexus of stakeholders who are motivated to participate in organisational activities by various and at times incongruent interests (Preston & Sapienza, 1990). Sternberg (1996) and Jensen (2002) agree that this definition necessitates managers to attend to stakeholders as a means to achieving organisational goals such as profit, shareholder wealth maximisation, and competitive advantage. Critics state that this approach does not provide a purely strategic rationale of stakeholder management. "The empirical evidence is inadequate, and the analytical arguments, although of considerable substance, ultimately rest on more than purely instrumental grounds" (Donaldson & Preston, 1995: 81).

The normative stakeholder theory suggests that a business acts in a socially responsible manner when its decisions and actions account for, and balance, diverse stakeholder interests. Proponents of the normative theory argue that shareholders are not necessarily the only residual claimants (e.g. Blair, 1995; Freeman, 1994; Vinten, 2001). As advocated by Donaldson and Preston (1995: 68), "all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and (...) there is no prima facie priority of one set of interests or benefits over another". Rose and Mejer (2003) interpret stakeholder

orientation as the discipline that concerns the interests of all stakeholders rather than just shareholders and ultimately the firm's social responsibility to encourage its organisationwide application.

Alternatively, critics of the normative theory (e.g. Barney, 1991; Mahoney & Pandian, 1992) dispute its feasibility owing to the scarcity of resources and managerial capabilities. Hasnas argues, "it is impossible to have a fiduciary relationship to several parties who, like the stakeholders of a corporation, have potentially conflicting interests" (1995: 27). Proponents of shareholder value further contend that a stakeholder orientation undermines shareholders' private property rights and that the definition of stakeholders is so broad that accountability is diluted (e.g. Easterbrook & Fischel, 1989; Jensen, 2002; Romano, 1996).

This thesis holds that all stakeholders are important actors in NPOs, as argued in the normative stakeholder theory. The NPO needs to balance its interests because of the unique sets of expectations, needs, and beliefs of stakeholders and their influence the NPO's mission. Without a consistent focus on all stakeholders, managerial interventions aimed at fostering partnerships that satisfy mutual goals and creating superior value for target customers are potentially undermined (Baker & Sinkula, 1999; Voss & Voss, 2000). According to Lusch and Laczniak (1987), the marketing concept and the stakeholder concept represent a single underlying philosophical business orientation; except the focus of the stakeholder concept is on the organisation's recognition of additional constituencies or multiple publics.

Greenley and Foxall's (1997) multiple stakeholder orientation approach defends the view that the interests of all stakeholders must be valued. This approach assumes that a planned "orientation to a wider range of stakeholders"... "provide[s] a greater potential for developing a competitive advantage that is rare and difficult to imitate" (Greenley & Foxall, 1998: 54). In essence, businesses need to address employees, shareholders, customers and competitors to increase sales and market share, and to succeed when introducing new products. In their revised construct of stakeholder orientation, Greenley, Hooley and Rudd (2005) focus on managerial attitudes towards each primary stakeholder and behaviours to serve interests. Luk *et al.* (2005) has since examined the multiple stakeholder orientation approach in China. Their operationalisation integrates measures of employee orientation (Lings, Greenley & Broderick, 2000) and shareholder orientation (Greenley, Hooley & Rudd, 2005).

3.3. RESOURCE-BASED-VIEW OF STRATEGIC ORIENTATION

The resource-based view (RBV) theory is among the most important strategic management theories (Peng, 2000). It rationalises that firm resources must be valuable, rare, and difficult for competitors to imitate. Valuable resources take advantage of opportunities and/or counteract environmental threats (Castanias & Helfat, 1991). Rare resources generate perfect competition dynamics in an industry (Hunt, 1997b). Competitors are also incapable of designing or implementing resources that are imperfectly imitable.

The RBV theory suggests that firms must replenish, augment and upgrade existing resources and identify resource gaps continuously (Barney, 1991). Firms must create a collection of heterogeneous resources and assets, known as a resource profile that is not perfectly mobile (Grant, 1991). Essentially, the dynamic creation, acquisition, culmination, and strategic deployment of a resource profile can lessen inefficiencies, cultivate competencies, and create sustained competitive advantage (Collis, 1994; Daft, 1983; Day, 1993; 1994b).

Distinctive capabilities are complex bundles of resources and collective learning exercised through organisational mechanisms and processes (Mahoney & Pandian, 1992). They ensure superior coordination of functional activities across organisations. They contribute to and deliver superior customer value in a cost-effective way. They are adaptable to changes in the environment. The literature, for instance, suggests the employment and allocation of marketing resources can help create distinctive capabilities (Bharadwaj, Varadarajan & Fahy, 1993; Hunt, 1997b; Srivastava, Fahey & Christensen, 2001). When firms base their strategies on these distinctive marketing capabilities, competitors cannot easily duplicate them, customers receive superior value, and firms and their employees benefit financially (Hooley *et al.*, 2001).

EMs are dynamic markets where the competitive landscape is shifting. Therefore, it is important to consider dynamic capabilities when reviewing the RBV literature. Dynamic capabilities are integrated, built, and reconfigured internal and external distinctive capabilities that managers address in rapidly changing environments (Teece, Pisano & Shuen, 1997). Depending on the type of dynamic market, dynamic capabilities may differ. In moderately dynamic markets, these capabilities are “detailed, analytic, stable processes with predictable outcomes. In high-velocity markets, they are simple, experiential and fragile processes with unpredictable outcomes” (Eisenhardt & Martin, 2000:1105).

An organisational competency is the synthesis of resources, skills, and capabilities (Hamel & Prahalad, 1994). A distinctive competency is an ability to complete an action in a

manner superior to that of competitors or to apply a capability that competitor's lack (Hitt & Ireland, 1986; Meyer, 1991; Snow & Hrebiniak, 1980). When a competency spans an organisation and supports multiple lines of business, it becomes a firm's core competency (Prahalad & Hamel, 1990).

3.4. MULTIPLE STAKEHOLDER APPROACH TO MARKET ORIENTATION

Burgess (2003) and recently Burgess and Nyajeka (2007) propose the relevance of all stakeholders to market-oriented strategies. Their multiple stakeholder approach to MO emphasises the organic, systemic integration of organisational systems, structures, processes, and behaviours with the purpose of identifying, understanding, and responding to stakeholder needs, especially customers. The approach is firmly grounded in the work of Ruekert (1992), which captures the philosophical perspective of MO as well as behavioural elements of MO. It also draws on the RBV of the firm, which holds that organisational resources, capabilities, and competencies are the basis for market-oriented behaviours. Hence, it underscores the behaviours that advance three market-oriented competencies. *Insight* is the first market-oriented competency that firms must acquire. This competency entails concepts such as information generation, acquisition, analysis, and monitoring. The second market-oriented competency *intent* includes concepts of widespread internal dialogue, information sharing, and dissemination, and contribution to build agreed marketing mix strategies. Finally, *interaction* is the market-oriented competency that involves the implementation of agreed and premeditated strategies, improvement in customer experiences, and appropriate strategic response to stakeholder preferences.

3.5. NOT-FOR-PROFIT APPLICATION OF MULTIPLE STAKEHOLDER APPROACH

This thesis agrees that the multiple stakeholder approach of insight, intent, and interaction is a holistic approach to market orientation. It adapts prior scales to advance a new measure for MO that will be of particular interest to not-for-profit researchers and practitioners. As Kohli, Jaworski and Kumar note, "the most exciting measurement extension may lie in non-profit organisations, non-traditional organisational forms, or non-standard marketing applications" (1993: 475).

MO research fundamentally differs for not-for-profit and commercial firms based on the involvement of purchase, consumption, and payment of products and services. Usually, purchase and payment are the responsibility of a person or household and consumption rarely occurs outside family (or business) for whom the payer is responsible. For NPOs, the people who receive and consume products and services and the people and organisations that

provide the resources for products and services are often unrelated (Letts, Ryan & Grossman, 1999). As a result, even though beneficiaries do not usually pay for the not-for-profit products and services, not-for-profit marketers are required to understand their needs and perceptions and take action (Andreasen & Kotler, 2003).

Furthermore, not-for-profit managers view a wide range of stakeholders as likely market players whom may influence the outcome of organisational performance (Kumar & Subramanian, 1998). For example, not-for-profit healthcare practitioners work alongside insurance providers, government bodies, integrated delivery systems, and networks of specialists, etc. in order to deliver quality services (Blair & Buesseler, 1998). Irrespective of the type of service not-for-profit service providers deliver, the evolving strategic web of stakeholders that HCPs must respond to is exceptionally complex. But when they underscore strong relational networks with supply chain members, donors, and beneficiaries, HCPs can effectively “pursue appropriate product and process innovations and keep prices low by leveraging internal and external resources to run efficient operations” (Burgess & Steenkamp, 2006: 345).

3.5.1. INSIGHT

Insight is the building block of the multiple stakeholder approach to MO. This organisationwide competency fuses together a set of challenging behaviours. It converts unstructured market data and information (i.e. particularly those from credible sources and guaranteed from a neutral party; those that are sufficiently up-to-date and accurate; and those, which complement the institutional context of the organisation) to practical knowledge.

Behaviours related to insight are inherent in information acquisition and analysis capabilities such as market learning, market sensing, market information processing, market intelligence generation, and market knowledge use (Kohli & Jaworski, 1990; Menon & Varadarajan, 1992; Morgan *et al.*, 2003; Sinkula, 1994; Weerawardena, 2003). Kohli and Jaworski (1990) suggest that all organisations, regardless of their business objectives, undertake market intelligence activities. Narver and Slater (1990) reason a level of understanding is required to acquire information on all the constraints that face customers. Ruekert (1992) argues the need for a firm to collect information from customers. Deshpandé, Farley and Webster (1993) consider the values that that help the organisation define its customer focus.

Marketers can generate insight, formally and informally, from employing market research, market assistance, and market intelligence (Diamantopoulos & Souchon, 1999).

The research process can allow primary data to be collected or secondary data to be analysed. Knowledge-intensive activities (e.g. market studies, satisfaction interviews and performance evaluations) are particularly important sources of competitive advantage and superior performance (Greenley & Foxall, 1998). Decision process models are also employed to guide insight building (Burgess, 2007). They make sense of theory by reducing complex relations of underlying customer and stakeholder motivations (Blackwell, Miniard & Engel, 2006). Yet, to gain value from market research and decision process models, researchers need to continuously be involved in the insight development process.

Moreover, insight can be derived from market sensing techniques that accumulate, interpret, and translate knowledge in order to understand customers. These knowledge-related resources (e.g. production and sales data customer transaction records) keep an organisation update with customer, buyer, and supplier needs and are key to organisational survival and success (Sinkula, 1994). Although they are “socially complex, difficult to observe and monitor”, (these customers) “are very important to the renewal of organisational knowledge and firm’s resources” (Olavarrieta & Friedmann, 1999: 218).

Organisations manage insight to become aware of the market, its players, and its external environment. Acquiring information on influential actors whom influence marketing success will help a business identify unmet needs, perceptions and expectations and intended behaviours (Burgess, 2003). Moreover, insight can help a business anticipate change in the macro-environment and react to complexities and trends brought on by stakeholders along their value chain.

3.5.1.1. BENEFICIARY INSIGHT

MO researchers advocate that beneficiaries are the most valued customers or stakeholders (Gainer & Padanyi, 2005; Kumar & Subramanian, 1998; Vázquez, González & Santos, 2002). In the health-care context, an orientation towards the patient is critical for donor and employee support (Bhuiyan & Abdul-Gader, 1997). Given the supremacy of the patient, or a comparable beneficiary, HCPs strive to practice behaviours related to beneficiary insight. Intelligence generation and the market-oriented activities of monitoring and analysing the needs and preferences of beneficiaries are key behaviours of beneficiary insight.

NPOs are obliged to attract three groups of beneficiaries (Bruce, 1995). Direct beneficiaries (e.g. clients, patients, and members) are key NPO customers. The organisational mission revolves around these constituents because they are final recipients of organisational activities. NPOs are also familiar with two sets of intermediary beneficiaries.

The first set comprise of individuals who are actively participating in NPO activities with direct beneficiaries and are often custodians of these beneficiaries (e.g. relatives, friends and employers of patients). The second set of intermediary beneficiaries is responsible for introducing direct beneficiaries to NPOs (e.g. not-for-profit referrers, government referrers and purchasers, and policy and decision-makers). Indirect beneficiaries are the public (e.g. households and communities) who benefit indirectly from services rendered by NPOs.

3.5.1.2. *MARKET ENVIRONMENT INSIGHT*

Customer-centric firms do not neglect other stakeholders. Each constituent in the value creation process is important (Jones & Wicks, 1999; Wallace, 2003). To optimise the interests of each constituent in the system, firms identify the demands and expectations of all relevant stakeholders (Bruce 1995).

Commercial firms view the market environment in terms of channels of distribution. They establish interdependent and interrelated relationships with marketing intermediaries as a means to assemble and deliver products and services (Cravens & Piercy, 2006). Market-oriented businesses, in particular, consider the demographic, purchasing characteristics and behaviours of their marketing intermediaries (e.g. producers, suppliers, agents, distributors, wholesalers, retailers).

To relate to market intermediaries, market-oriented businesses draw on market environmental insight. This concept calls for the equilibrium of intuition and objectivity towards market dynamics. It necessitates the conscientious surveillance of an industry's market forces. According to Day (1994a), businesses are advised to sense events and trends in their markets continuously. They anticipate market response "to actions designed to retain or attract customers, improve channel relations, or thwart competitors" (1994a: 9). Since the half-life of usable market knowledge shrinks due to compressed life cycles, fragmenting markets and proliferating distribution channels, it can be daunting to stay well informed on the market environment.

It is also important for NPOs to communicate with those who contribute to their market environment. Intermediary external stakeholders (e.g. senior managers of commercial firms, purchasing cartels, advocate leaders and influencers) and indirect external stakeholders (i.e. marketing agencies, management consultants, media) can somewhat impact organisational success (Bruce, 1995). However, direct external stakeholders (e.g. regulatory bodies and competitors) are responsible for directly manipulating the day-to-day operations of NPOs.

Impregnable competitors attempt to neutralise and/or "leapfrog" the advantage firm by

better managing existing resources and/or by acquisition, imitation, substitution, or major innovation (Hunt, 1997b). NPOs often compete for limited or extensive networks of beneficiaries and donors, depending on the range of benefits they deliver. In certain situations, as is true of NPOs created to manage the duality of healthcare patients and academic/research facilities, the process of acquiring patients and sponsorship forces NPOs to become intense rivals with other institutions.

Social service organisations and charities are NPOs that would rather characterise their competitors as fraternal organisations (Balabanis, Stables & Phillips, 1997). Because they do not compete for beneficiaries, collaborators, networks, or partners do not threaten NPOs (Bruce, 1995). Partners, collaborators, and networks are organised bodies and/or influential individuals who share the same interests or aims of NPOs.

NPOs assign value to fraternal organisations in proportion to the nature of complementary resources and capacities that fraternal organisations can provide. Some NPOs form symbiotic and mutually satisfactory relationships with other NPOs for mainly client referral purposes. However, NPOs work with large and small commercial firms in cause-related marketing partnerships to meet strategic needs of both businesses. In these partnerships, NPOs raise funds or carry out their missions and commercial firms can show the public that they too are acting socially responsible (Andreasen & Kotler, 2003). The government also cooperates with NPOs. They fund not-for-profit activities and grant special privileges such as tax breaks and, in turn, NPOs help governments grant the public access to more critical services.

In order to set boundaries, this study incorporates competitors in its operationalisation of market-oriented insight. Competitor insight is comparable to competitive benchmarking, a technique used to identify key competitor factors and to generate proven practices and technologies for a competitive advantage (c.f. Fong, Cheung & Ho, 1998). Competitor insight rests on the judgment process (Shetty, 1993). It stipulates that firms gather and process short-term strengths and weaknesses of current and potential competitors that serve the same markets (Deng & Dart, 1994). Firms can use various market research and market intelligence approaches to accumulate knowledge on competitors and their distinctive capabilities and heterogeneous resources (Day & Wensley, 1988). Moreover, competitor insight emphasises the understanding of various competitor strategies and tactics, be they successful or not in creating value for customers (Porter, 1985).

3.5.2. MACRO-ENVIRONMENTAL INSIGHT

Socio-economic status, government regulations and laws, technology and culture influence the MO of commercial firms and NPOs (refer to Chapter 1 for more details). These macro-environmental forces are exceptionally detrimental to the businesses in EMs because they relentlessly challenge their industries (Tse *et al.*, 2003).

Empirical studies rarely feature the macro-environment in their MO constructs (c.f. Mavondo & Farrell, 2000; Sanzo-Perez *et al.*, 2003). Nonetheless, US firms that monitor macro-environmental trends that shape future customer needs outperform those that are exclusively customer-oriented according to Neil and Rose's (2006) study on organisational complexity. "[T]he market-oriented firm should consider expanding its focus to include the macro-environment and the product to further improve performance" (Neil & Rose, 2006: 7).

The conceptual works of several not-for-profit researchers (Álvarez-González, Santos-Vijande & Vásquez-Casielles, 2002; Andreasen & Kotler, 2003) also argue that not-for-profit marketers ought to gain the latest information on political-legal and economic matters and technological advances that influence their organisations. Macro-environmental insight is the incessant monitoring and analysis of macro-environmental trends. Wood, Bhuian and Kiecker (2000) call for the monitoring and analysis of government regulations, technology, and the general economy for not-for-profit hospitals. They suggest that macro-environmental insight helps hospitals to counter the negative effects of external forces. Therefore, I will amend existing MO scale items to introduce macro-environmental insight in order to explain its relevance for South African HCPs.

3.5.3. INTENT

As soon as insight materialises, the market-oriented element of intent can be crafted. Intent is primarily the management of market exchange for the whole organisation. Behaviours related to intent are often initiated during idea generation and screening (Burgess, 2007). When intent is practiced with passionate internal conversation at an interfunctional level, marketing mix strategies radiate with originality. Intent is also the process of decision-making and the formulation of market-oriented strategies. Behaviours associated with these management fundamentals are often relevant during project planning, product development, test marketing, and commercialisation.

Market orientation is not simply a rational, research-driven, desk-bound approach to marketing management (Burgess, 2007). It is the continual process of communication and participation of all internal stakeholders. Indeed, success is often conditional on the removal

of obstacles such as miscommunication, disintegration, and privacy. In order to open channels of communication, inherent advantages of horizontal and vertical, formal and informal exchanges of information and continual dialogue need to be cultivated and iterated across the organisation (Harris & Piercy, 1999). For interfunctional teams to thrive and distribution networks to interlock (Narver & Slater, 1990), organisations need to initiate informal meetings, open door policies, circulated forms/reports, memorandums, and technological links (Jaworski & Kohli, 1993).

Market-oriented businesses are expected to comprise of competent communicators and coordinated administrators (Shapiro, 1988). The sheer quantity of relations to be maintained in a marketing manager's occupation necessitates activities to be considerably coordinated (Miller & Lewis, 1991). Verbal and written conversations with a range of internal stakeholders translate into effective marketing strategy (Kumar & Subramanian, 1998). Moreover, effective diffusion of knowledge and frequent communication especially during times of high environmental uncertainty help businesses retain satisfied customers and overcome antagonistic moves of new competition (Gupta & Govindarajan, 1991). Therefore, a market-oriented not-for-profit marketer is committed to sharing information with other internal stakeholders in an open and well-coordinated manner.

Market-oriented businesses also share common visions, values, and strategies because of their ability to plan effectively. Entrenched cultural values towards products, services and markets may surface during strategic planning process (Harris & Ogbonna, 1999), but market-oriented businesses often are prepared to temper top management's expectations with practical wisdom (Herbert, 1999).

Intent bridges behavioural and strategic elements built in the four approaches to MO. Kohli, Jaworski and Kohli's (1993) scale items that call attention to the interdepartmental exchange of ideas and reactive strategies and activities, notably intelligence dissemination and responsiveness, are behaviours that describe market-oriented intent. Ruekert (1992) concepts of the development of market-oriented strategies (i.e. the exploitation of investments and decision planning targeted to customers and markets) and Narver and Slater's (1990) interfunctional coordination (i.e. the act of synchronising an organisation's human and institutional resources) are subdimensions related to market-oriented intent. Despite its exhaustive use in MO research, the interfunctional coordination subdimension has been shown to be less reliable across institutional and industry contexts (e.g. Deng & Dart, 1994; Voss & Voss, 2000).

3.5.4. INTERACTION

Interaction is the final dimension of the stakeholder approach to MO. It brings life to insight and fuels the crafting of intent. Helfert, Ritter, and Walter (2002) point out that the capitalisation of information and integrated communication structures permit the market-oriented firm to manage internal and external relationships and networks.

Interaction is the execution and implementation of flexible but agreed and premeditated promotional, public relations, and personal selling strategies that exploit a host of resources, structures and systems (Burgess & Nyajeka, 2007). This subdimension features capabilities of market strategy execution, strategic implementation and the formulation of customer interaction policies (Homburg, Krohmer & Workman 2004; Noble & Mokwa, 1999; Ruekert 1992). Interaction is also the business's response to unexpected customer preferences, an erratic exogenous environment and competitor moves (Dobni & Luffman, 2000). While businesses need to respond faster than their rivals do, the process of interaction is not to be hurried, ill advised or spontaneous (Dickson, 1992). Kneejerk behaviours derived from unplanned counterproductive strategies (Day, 1994b) can adversely influence business performance. Therefore, the proverbial principles of customer responsiveness, interaction response capacity, and customer problem solving are immersed in the concept of market-oriented interaction (Jaworski & Kohli, 1993; Jayachandran Hewett & Kaufman, 2004; Ramani & Kumar, 2008; Ramaswani, Bhargava & Srivastava, 2004).

Interaction is particularly encouraged in firms from collectivistic cultures (Aaker & Maheswaran, 1997). Employees that rely heavily on the group are keen to adopt behaviours in relationship building. They are more attentive, agreeable, sensitive, and emphatic compared to employees from individualistic cultures (Furrer, Liu & Sudharshan, 2000; Markus & Kitayama, 1991). Although strong buyer-seller relationships are customary in collectivistic societies, buyers are more likely to demand service delivery beyond contract terms (Nakata & Sivakumar, 2001).

NPOs in EMs rely heavily on employees and volunteers to act as the glue, which binds direct and intermediary not-for-profit beneficiaries to management. They are the channels of contact with donors and the voice that maintains good relations with partners, regulators, special interest groups and the media (Freeman, 1984). Therefore, this study expects HCPs and HCSs in South Africa to attach deep meaning to customer bonds and stakeholder rapport.

3.5.4.1. *BENEFICIARY INTERACTION*

Beneficiary interaction is the proactive and intentional response to insight and the execution of market-oriented strategies. Senior managers can strengthen welcomed customer relationships if they build discussions with beneficiaries, especially during early phases of demand intensity. Gainer and Padanyi (2005) and Vázquez, González and Santos (2002) agree that market responsiveness predicts higher levels of beneficiary satisfaction. Above all, HCPs should nurture behaviours associated with beneficiary interaction given that their services are private, delicate in nature, and highly involved.

3.5.4.2. *MARKET ENVIRONMENT INTERACTION*

Market-oriented firms foster interdependent, reciprocal relationships with participating channel members. Although competition and regulation may affect channel conditions and outcomes, they develop channel communication and exchange relationship strategies. MO firms can communicate bi-directionally, informally, frequently, and relentlessly when relational structures and supportive climates are present (Mohr & Nevin, 1990).

Market-oriented firms that secure high-magnitude relationships, or involved or established exchange associations, are capable of yielding several positive outcomes (Gundlach & Cadotte, 1994). First, relationships can reduce or mitigate tensions that arise from increased functional interdependence. Second, relationships support non-coercive strategies, which reinforce mutual identification and increase conceptual agreement. Third, relationships introduce favourable evaluations of partner performance. Sanzo *et al.* (2003) empirically maintain that an external cultural MO is strongly associated with maintaining long-term dyadic relationships for suppliers and buyers.

Market environmental interaction is the competency of consulting with market players. It requires a complex set of ongoing communicative processes to be negotiated on an on-going basis among participants. It expects market-oriented businesses to implement competitor-oriented activities and strategies in order for cultivated relationships, networks, and partnerships to last (Burgess & Nyajeka, 2007). To create competitive advantage, organisations regard each actor as capable of mobilising, accessing, and mixing resources (Batt & Purchase, 2004; Dyer & Hatch, 2006; Lavie, 2006).

In business-to-business environments, market-driven firms leverage their ability to drive collaborative relationships by adopting high levels of customer intimacy (Tuominen, Rajala & Moller, 2004). Collaborative interactions may involve cooperative relationships such as alliances, partnerships, roundtables, networks and consortia. When effective, collaborative

interaction produces “innovative, synergistic solutions and balances divergent stakeholder concerns” through discursive resources and conversations and builds stronger collective identity (Hardy, Lawrence & Grant, 2005: 25).

Public institutions, NPOs, and commercial firms pool resources from collective societies to accomplish economic and social development objectives (Hoskisson *et al.*, 2000). During their interactions, employees attempt to preserve harmony and stability. They are less likely to reinforce competitive behaviours but more eager to interact without harming and violating social expectations or norms. While employees in EMs have negative attitudes towards competitor orientation (Furrer, Lantz & Perrinjaquet, 2004), this thesis examines competitor interaction to understand its significance.

3.5.4.3. MACRO-ENVIRONMENTAL INTERACTION

Macro-environmental interaction is the adoption of responsive strategies that counteract changes instituted by external forces and institutions (Burgess, 2007; Grewal & Dharwadkar, 2002). Market-oriented businesses often need to reposition their strategies, formulate innovative practices, or execute contingency planning. Conversely, market-oriented businesses may need to reengineer their operational systems and structures. In extreme cases, they are obliged to build strategic alliances and joint ventures such as mergers and acquisitions, forced to downsize their organisational capacity, or liquidate their assets. Similarly, the macro-environment prompts market-oriented NPOs to respond to adverse external decisions (Liao, Foreman & Sargeant, 2001; Scanlon, 1983). This thesis examines macro-environmental interaction to assess the degree to which South African HCPs are capable of offsetting long-term organisational setbacks instigated by the external environment.

3.6. TECHNOLOGY ORIENTATION

Critics of marketing as a discipline argue that it alone does not drive business success. Marketing ignores the creative abilities of the firm and hinders the innovation process (Kaldor, 1971; Tauber, 1974). Customers are not always cognisant of their needs and at times, they are unable to articulate their needs and expectations. "(B)ecause it is its purpose to create a customer, any business enterprise has two – and only these two – basic functions: marketing and innovation" (Drucker, 1954: 37). In rapidly changing markets, a dual emphasis on innovation and marketing in effect facilitates sustainable, long-term organisational growth (Capon and Glazer, 1987). Specifically, an innovation orientation is the firm's openness to change and its capacity to innovate through the adoption of new

resources and competencies (Burns & Stalker, 1961; Zaltman, Duncan & Holbek, 1973).

Business practitioners and researchers often focus on technology as the archetype of innovation. Technology is a broad term encompassing “the entire process of transforming inputs to outputs and the delivery of those outputs to the end consumer” (Kohli & Jaworski, 1990: 14). Technological resources include high quality production, low cost plants, R&D, and informal and formal quality control (Capon & Glazer, 1987). Product, process, and management technologies are “know-how” (i.e. capitalised knowledge) that can become major assets for firms (Capon & Glazer, 1987). For example, “mechanatronics, biomechanics, optoelectronics, and electrochemistry have given birth to a range of new products” (Hamel & Prahalad, 1991: 89).

Technology orientation (TO) is “the use of sophisticated technologies in new product development, the rapidity of integration of new technologies, and a pro-activity in developing new technologies and creating new product ideas” (Gatignon & Xuereb, 1997: 82). Technology-oriented firms are unwavering in their desire to identify with technology. They devote financial and human resources to R&D, actively acquire the latest technologies, and employ innovative and sophisticated production and process technologies (Gao, Zhou & Yim, 2007; Voss & Voss, 2000).

3.7. DONOR RELATIONS

NPOs sustain relationships with donors on a regular basis. Donors may be individuals, large groups, or even institutions (Drucker, 1990). They may be motivated by a not-for-profit mission or by its perceived image (Wolf, 1999). Individuals are often philanthropists or patrons of an organisation. Funding groups are trusts or foundations, government agencies and even socially responsible commercial businesses or corporations. In South Africa, multilateral organisations including PEPFAR and the Global Fund to Fight AIDS, TB, and Malaria inject large-scale anti-AIDS drug treatment (Sachs, 2005). Corporations in South Africa also strategically position and market themselves to social causes such as HIV/AIDS in order to meet social investment targets (Dickinson, 2004).

NPOs maintain regular ties with beneficiaries at the cost of donors (Andreasen & Kotler, 2003). Donors experience less individualised attention (Radley & Kennedy, 1995). Donors are updated via impersonal progress reports and briefings. But when competition for funds intensifies, the donor market receives greater attention the beneficiary market. The exchange of ideas with donors also deepens, as the need for greater financial resources becomes crucial (Balabanis, Stables & Phillips, 1997). NPOs adopt aggressive approaches towards

fundraising, marketing, and promotions to prevent agencies and individuals from switching to other organisations for philanthropic collaboration (Bennett, 1998). However, when the voices of donors prevail over the demands of beneficiaries, an institutional mission of a not-for-profit can be dampened (Bruce, 1995).

NPOs interested in maintaining cooperative relationships with donors exploit transactional and relational rapport or exchange activities. In particular, sophisticated NPOs practice the term donor relations (DR), a not-for-profit strategic orientation. Face-to-face, interpersonal, continuous, formal and even informal payer-seller relations with donors can maximise the lifetime value of donors. NPOs that are familiar with DR have established personalised communication and cultivated long-term exchanges after subsequent encounters. Interactive relationships are built, promoted, and nurtured thus facilitating continuous donor-related pledges and patronage.

Theoretically and operationally, DR and MO are distinct but related concepts. While the interaction dimension of MO measures a firm's ability to execute marketing strategy and respond to its customers and competitors, DR measures a NPO's ability to communicate with donors in order to develop long-term mutual relationships. The DR construct, therefore, is fundamentally rooted in the concepts such as customer-linking and customer-relating capacities, customer value management, customer nurturing, customer order fulfilment processes, and customer empowerment (Day, 2003; Fahy *et al.*, 2000; Ramani & Kumar, 2008; Sheth & Parvatiyar, 1995). Organisations interested in developing long-term, mutually beneficial relationships work alongside their customers (Homburg, Koschate and Hoyer, 2005). Customer relationships are particularly indispensable for professional service providers (Claycomb & Martin, 2002). Given that services are intangible, customers equate the service provider to the service itself and the perceptions of quality of the relationship commensurate with quality of the service (Boulding *et al.*, 2005; Reinartz, Krafft & Hoyer, 2004; Zeithaml & Parasuraman, 2004). Likewise, a strong, healthy relationship engenders trust, a necessary element for building commitment, and recovers organisations that fail to deliver on promises but take corrective action (Fournier, Dobscha & Mick, 1998; Garbarino & Johnson, 1999; Morgan & Hunt, 1994).

Complex exchange activities also serve to establish social bonds, which motivate customers to relinquish valuable and insightful information (Helfert, Ritter & Walter, 2002). Synchronising resources from personal connections may even obstruct outsiders from penetrating the market (Tse *et al.*, 2003). Ultimately, an organisation's ability to build valuable and durable contact with customers, or tête-à-tête dealings, makes sustainable

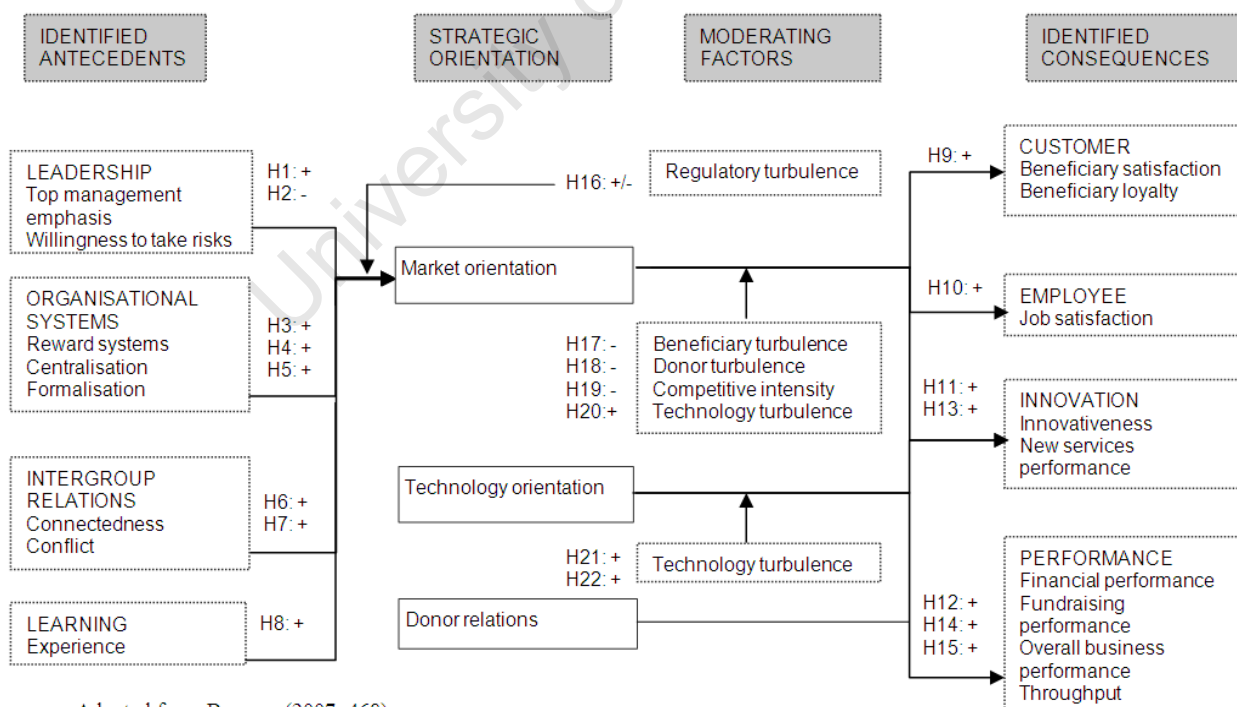
competitive advantage possible (Reichheld, 1996a).

3.8. CONCEPTUAL FRAMEWORK OF STRUCTURAL RELATIONS

Market orientation is moderated by institutional dynamics (e.g. national culture, economic status, advances in health, public governance) and industry differences (e.g. profit objectives, resources, stakeholders). Since this study's meta-analyses confirm the partial weak generalisability of MO theory for the EM institutional and the NPO industry contexts (refer to Chapter 2 for detailed findings and conclusions), this study also expects boundary conditions to apply to South African HCPs. Partial weak generalisability assumes that some previously established hypotheses are supported in direction but not in magnitude, and some hypotheses are not supported (Burgess & Steenkamp, 2006).

I theoretically motivate a series of reformulated hypotheses using empirical and non-empirical research and meta-analytic studies. Figure 2 is an illustration of the conceptual framework of the hypotheses that I plan to formulate and test. The framework comprises of four sets of factors: 1) the three strategic orientations being studied; 2) antecedent conditions that advance or setback MO; 3) consequences of the three strategic orientations; and 4) moderators of MO and TO antecedent and/or consequence relations.

Figure 2. Hypothesised Model of Main Study: Structural Relations of Three Strategic Orientations



3.9. DIRECT EFFECTS OF ANTECEDENTS ON MARKET ORIENTATION

Kohli and Jaworski (1990) identified eight organisationwide, intergroup and individual characteristics that act as antecedents of market orientation. They adopted their antecedents from theoretical and empirical research on management attitudes and organisational systems, structures, and processes. Since their conceptual work, quite a number of empirical studies have shown market-oriented antecedents can facilitate or deter market-oriented development.

Recently, several researchers have theorised and demonstrated that the creation of market-oriented organisation occurs via a process of cultural transformation (Furrer, Lantz & Perrinjaquet, 2004; Gebhardt, Carpenter & Sherry, 2006; Hartline, Maxham & McKee, 2000). Initially, top management actions inculcate cultural values that exemplify desired values of the organisation. When top management recognizes and rewards employees for their behaviours, employees adopt market-oriented attitudes because they become intrinsically motivated and externally assured by group dynamics and social acceptance (Gebhardt, Carpenter & Sherry, 2006). Essentially, socialisation processes, collaborative efforts, and social control enable shared values and attitudes of employees at the individual level to become norms at the group level (Hartline, Maxham & McKee, 2000). Moreover, employees with market-orientated values are reassured based on their market experiences (Gebhardt, Carpenter & Sherry, 2006). Ultimately, the firm benefits from a market-oriented culture when the majority of employees align their values, attitudes, and behaviours because “over the long term, employees cannot maintain behaviours that are inconsistent with their values and attitudes” (Furrer, Lantz & Perrinjaquet, 2004: 120).

In the most extensive meta-analysis of the market orientation literature, Kirca, Jayachandran and Bearden (2005) analysed 63 effects from prior research primarily conducted in HIC institutional contexts. Their results indicate that prior empirical research confirms the theorised positive relations of top management emphasis, market-oriented reward systems, and interdepartmental connectedness with market orientation. Similarly, the theorised negative effects on market orientation of centralisation, formalisation, and interdepartmental conflict were confirmed.

Having tested the relations of MO and its antecedents in the EM meta-analysis (refer to Chapter 2), I expect boundary conditions to apply to the HIV/AIDS care provision industry in emerging markets. Centralisation of authority centralisation, formalisation, and interdepartmental conflict will have a positive effect on market orientation.

3.9.1. MAIN EFFECT OF TOP MANAGEMENT EMPHASIS ON MARKET ORIENTATION

Executives and senior managers play a critical role in advancing market-oriented culture in their organisations (Shapiro, 1988). In order to encourage and create market-oriented culture, they engage in five activities (Day, 1990). Executives and senior managers champion the meaning and purpose of MO continuously and formulate their strategies as close to the market as possible. If they do not communicate the importance of MO, their efforts may be futile and cultural modification may not take place (Narver, 1991). Top management ensure incentives are implemented for their employees (Kohli & Jaworski, 1990). They define core competencies and emphasise them through leadership vision. In turn, employees are equipped with the necessary knowledge to maximise opportunities (Prahalad & Hamel, 1990). Top management eliminate barriers such as extreme and inappropriate inter- and intra-departmental conflict in order to ensure employees carry out market-oriented behaviours (Narver, 1991). Finally, executives and senior managers perform periodic and systematic evaluations to gauge market-oriented progress (Day, 1990). In summary, employees adopt market-oriented behaviours when top management encourage and create a market-oriented culture in their firms.

Market-oriented behaviours are mainly cultivated in HICs under participatory and supportive leadership styles (Harris, 2001). However, senior managers in EMs are cognisant of their status in organisational hierarchies and make decisions autocratically and paternalistically (Burgess & Nyajeka, 2007). Since subordinates are dependent on their superiors and expect them to use their social power to persuade them in EMs, they perform market-oriented behaviours when executives and senior managers emphasise the merits of a market orientation.

Kirca, Jayachandran and Bearden (2005) establish that top management's emphasis significantly enhances MO using bivariate and multivariate meta-analytic evidence prior research primarily conducted in HIC institutional contexts. This study's EM meta-analysis further explains the positive relationship between top management emphasis and MO in EMs (refer to Table 10).

Table 10. Meta-Analysis Comparison: Effects of Top Management Emphasis on Market Orientation

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	4,074	.44	-.13-.57	147	.25	2.55
EM meta-analysis	320	.43	.09-.78	--	--	--

Empirical evidence, which supports the above findings, has not been published within the NPO industry context. However, I hypothesise that the direction of effects will be same for South African HCPs. MO becomes an organisationwide culture when it penetrates deep into the NPO, transcends employees who have a substantial role in marketing and fundraising, and resonates with those who are in direct contact with beneficiaries and donors. South African directors and board members with instrumental leadership styles are in the best position to cultivate a market-orientated mind-set. Ultimately, South African HCPs who assign market-oriented roles to internal stakeholders will achieve superior business performance (Allen, McQuarrie & Feldman-Barr, 1998).

Hypothesis 1. Emphasis of market orientation by top management will have a positive effect on the market orientation of South African HIV/AIDS care providers.

3.9.2. MAIN EFFECT OF ATTITUDES TOWARDS RISK ON MARKET ORIENTATION

Satisfactory and/or disappointing business outcomes are often the consequence of risky attitudes and behaviours (Sitkin & Pablo, 1992). A manager's experience and culture influence his/her willingness to take risks. Mature decision-makers are extremely averse to risk (MacCrimmon & Wehrung, 1990). They are reluctant to take risks for high rewards, accept new product failures, innovate, and implement financial risky plans. The marketing literature has confirmed that mature decision-makers in HICs pass strong negative attitudes towards risk onto junior managers and subordinates (Selnes, Jaworski & Kohli, 1996). Therefore, attitudes towards risk obstruct market-oriented behaviours, to some extent, in organisations across HICs.

Managers in EMs also avoid uncertain situations; their societies insist that they observe traditions and rules that will guard them from the unknown (Hofstede, 2001). However, when senior managers in EMs tolerate risky projects (e.g. new product launches, new distribution strategies, expansion into new markets), junior managers and subordinates are protected by hierarchical departmental structures (Schwartz, 2003). Moreover, experienced decision-makers in EMs have learnt that it is necessary to possess strong positive attitudes towards risk in order to gain a competitive advantage during times of economic and political instability and dynamic market turbulence.

This study's bivariate meta-analytic evidence suggests a positive link between risk aversion and MO among commercial firms in EMs (refer to Chapter 2). Therefore, commercial firm managers in EMs who are prepared to take risks can inspire employees to commit to flexible strategic intent and responsiveness.

Although information on the effects of risky behaviour and MO within the NPO industry context is not published, I hypothesise that the direction of effects will be positive for South African HCPs. I base this assumption on previous MO research conducted on commercial firms in EMs.

Hypothesis 2. The willingness of top management to take risks will have a positive effect on the market orientation of South African HIV/AIDS care providers.

3.9.3. MAIN EFFECT OF REWARD SYSTEMS ON MARKET ORIENTATION

The German sociologist Max Weber conceptualised the term bureaucratic organisation. He described the conditions in which a complex administration operates in modern Western civilisation. Bureaucracy is “generally ordered by rules, laws or administrative regulations” and follows “principles of office hierarchy and of levels of graded authority” (Weber, 1968: 66-68). A host of market researchers (e.g. Chelariu, Outtarra & Dadzie, 2002; Kohli & Jaworski, 1993; Kuada & Buatsi, 2005) make use of Weber’s (1968) description of organisations to test empirically the direct effects of reward systems, centralisation, and formalisation on MO.

Employees largely conduct their jobs in an organisation according to the way their activities are measured and rewarded. Extrinsic rewards or incentives are delivered by the organisation to its members (Anderson & Chambers, 1985). Various typologies motivate individual and organisational participation (Scott & Davis, 2007). Salaries, bonuses, promotions, and fringe benefits are material systems related to money and other valuable commodities that set organisational goals in motion.

Incentives based on profit criteria promote business unit performance such as return on investment (ROI) and profitability. Incentives based on volume criteria encourage unit sales or market share growth. Both objective-oriented results are employed by business unit managers to motivate and evaluate planned objectives through extrinsic rewards (Walker & Ruekert, 1987). However, if evaluated on these short-term criteria, market factors such as customer satisfaction responsible for long-term outcomes may be neglected (Webster, 1988). Market-oriented reward systems are responsible for long-term outcomes. They critically evaluate employee performance in relation to customer, competitor, and industry related activities (Jaworski & Kohli, 1993.). These systems inspire employee actions, which eventually enhance MO. Using five studies, Kirca, Jayachandran and Bearden’s (2005) meta-analysis establishes a positive link between market-oriented reward systems and MO.

Managers and employees view reward systems differently across institutional context.

Managers from autonomous societies and advanced market-based economies reward their employees based on individual achievement (Kohli & Jaworski, 1990). Conversely, managers and employees from egalitarian societies stay close to the norm (Selnes, Jaworski & Kohli, 1996). When identity is embedded in hierarchical social structures, reward systems confirm social identity and status (Burgess & Nyajeka, 2007). Managers and employees of collectivist cultures deem high psychic value on reward systems (Kuada & Buatsi, 2005). They are attracted to monetary and non-monetary rewards (Chelariu, Outtarra & Dadzie, 2002). While Africans tend to prefer group rewards and place a strong emphasis on social rather than individual achievement, employees assign high value on status, prestige, and position (Harvey, Carter & Mudimu, 2000). This study's meta-analysis further establishes that reward systems have a positive and robust effect on MO in EMs (as shown in Table 11). Commercial firm managers in ECMs and TEs, such as South Africa, are particularly prepared to use reward systems to encourage market-oriented behaviours.

Table 11. Meta-Analysis Comparison: Effects of Market-Oriented Reward Systems on Market Orientation

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	1,297	.41	.20-.54	147	.24	2.21
EM meta-analysis	481	.61	.33-.89	149	.75	9.17

To my knowledge, there is no published information that supports or rejects the theory that market-oriented reward systems have a positive effect on the MO of NPO employees. For the following reasons, I am unclear whether reward systems have a positive effect on the MO of employees and volunteers of South African HIV/AIDS NPOs. First, not-for-profit employees and volunteers do not necessarily engage in market-oriented activity because of economic self-interest (Wolf, 1999). In particular, employees of South African HIV/AIDS NPO are paid non-competitive salaries and volunteers from townships and rural areas are given nominal stipends to perform emotionally and physically strenuous activities. Second, top management encourages employees of NPOs by offering them unconventional incentives such as flexible schedules, longer lunch hours, extended summer and winter holidays, and opportunities to work with equals 'on the same wave length'. Third, NPO employees and volunteers are intrinsically motivated to promote market-oriented behaviours. They have strong feelings of altruism, idealism, helpfulness, and productivity. In other words, they desire to be of public service and to make a positive difference in the lives of others (Andreasen & Kotler, 2003). Their needs for prestige, self-esteem, and affiliation to a social cause also motivate the NPO employee, in particular the AIDS volunteer (Bussell & Forbes,

2002; Emanuele & Higgins, 2000; Omoto & Snyder, 1993; Unger, 1991).

Employees and volunteers of South African HIV/AIDS NPOs may not perform market-oriented behaviours if managers award them based on customer, competitor, and industry related activities alone. However, I anticipate that they become market-oriented when awarded unconventional incentives and develop feelings that motivate them to work for their NPOs. Nevertheless, in order to be consistent with prior studies, I hypothesise that reward systems and MO are positively related.

Hypothesis 3. Market-oriented reward systems will have a positive effect on the market orientation of South African HIV/AIDS care providers.

3.9.4. MAIN EFFECT OF CENTRALISATION ON MARKET ORIENTATION

Centralisation concerns the locus of authority, which has the power to make work decisions (Dalton *et al.*, 1980; Hage & Aiken, 1967). Centralisation is made up of factors such as “the location of the actual decision-making function at particular points in the authority structure”, “the promulgation of rules for decisions, which limit the discretion of subordinates”, “the frequency and thoroughness of review procedures and control systems” and “the legitimate availability of relevant information” (Pugh *et al.*, 1963: 304).

MO literature usually refers to centralisation of authority as “the inverse of the amount of delegation of decision-making authority throughout the organisation and the extent of participation by organisational members in decision-making” (Jaworski & Kohli, 1993: 56). If every member of the organisation equally exercises decision-making authority then organisation’s degree of centralisation is minimal. Conversely, in centralised organisations executives and senior managers become custodians of major decisions. Although subordinates take for granted decisions of middle- and low-level management in centralised organisations, lines of communication and responsibilities are relatively clear (Olson, Slater & Hult, 2005a).

Centralisation may have a positive or negative effect on MO depending on an organisation’s size, the stability and complexity of its environment, and the stage in which an organisation has implemented market-oriented behaviours (Chelariu, Outtarra & Dadzie, 2002; Olson, Walker, & Ruekert, 1995; Ullrich & Wieland, 1980). In large firms, centralisation reduces information flow to those who need it and limits responsiveness to environmental change and opportunities (Jaworski & Kohli, 1993; Stampfl, 1978). In small firms, centralisation leverages scarce knowledge and skills of employees. Moreover, firms operating in stable, noncomplex environments are able to implement ideas with few

complications if the decision-making process is centralised (Ruekert, Walker & Roering, 1985). Conversely, organisations implement new ideas and actual programmes in the long-run if they decentralise their decision-making processes (Ullrich & Wieland, 1980). In addition, innovative rather than deeply entrenched strategies are necessary for problem solving in advanced stages of MO. Hence, centralisation of authority can be detrimental in these organisations (Zaltman, Duncan & Holbek, 1973). “(I)f supervisors make a large number of decisions, departments lose control over the choice of problems to be addressed and the methods and tools used to carry out tasks” (Barclay, 1991: 147).

Kirca, Jayachandran and Bearden (2005) found that centralisation does not statistically obstruct MO according to a structural model that included other MO and antecedent relations. “A centralized decision-making structure can prevent that structure from impeding the information flow that is critical” for MO to only a certain extent because firms focus on top management emphasis, interdepartmental connectedness and reward systems that have a positive effect on MO (Kirca, Jayachandran & Bearden, 2005: 37).

I expect the theorised relation to differ among the EM institutional context. Sharda and Miller (2001) provide evidence that contradicts the “culture-free” theories of Hickson *et al.* (1974) and Hickson and McMillan (1981). Their work suggests that organisational structure is culture bound or conditioned by the nations’ cultural environment. However, EMs are expected to tolerate cultural hierarchical social relations and authority structures (Burgess & Nyajeka, 2007).

According to bivariate and multivariate meta-analytic evidence, centralisation does not adversely shape MO in EMs (see Table 12). Although centralised structures limit commercial firm managers in ECMs and TEs from instituting some market-oriented behaviours, the institutional context generally has a positive moderating role on the relations of centralised systems and MO in EMs (refer to Chapter 2).

Table 12. Meta-Analysis Comparison: Effects of Centralisation on Market Orientation

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	2,062	-.27	-.43-.07	147	-.02	-.24
EM meta-analysis	481	.11	-.13-.34	149	.02	.31

To my knowledge, information that supports or rejects the theory that centralisation has a positive impact on the MO of NPOs has not been published. Nevertheless, I hypothesise that centralised systems of decision-making do not hinder information flow, access to knowledge and skills, and responsiveness in the South African HCP industry context. First, South African HIV/AIDS NPOs are early phases of adopting market-oriented behaviours and their

employees work across relatively few departments. More importantly, these NPOs operate in societies that tolerate hierarchical structures and authoritative management styles. Hence, market-oriented HCPs are able to priorities their stakeholder concerns, adapt existing business practices, and enforce these practices in their organisations in order to meet the needs of customers and respond to their competitors. Therefore, I predict that centralisation will have a positive effect on the MO of South African HCPs.

Hypothesis 4. Centralisation of authority will have a positive effect on the market orientation of South African HIV/AIDS care providers.

3.9.5. MAIN EFFECT OF FORMALISATION ON MARKET ORIENTATION

An essential element of Weber's (1968) definition of bureaucracy is formalisation. Hall, Haas and Norman (1967) identify roles, authority relations, communications, norms and sanctions and procedures as important formalisation concepts. Pugh *et al.* (1963) define formalisation as the extent to which statements of procedures, rules, roles are written down and filed and decisions, instructions and information are conveyed. It is also the "degree to which rules or standard operating procedures are used to govern the interaction between two individuals in different functional areas" (Ruekert & Walker, 1987: 6). Hage (1965: 295) measure formalisation "by the proportion of codified of jobs and the range of variation that is tolerated within the rules defining the jobs" and later Hage and Aiken (1967) note that a formalised organisation has more codified jobs than a range of varied jobs.

The MO literature defines formalisation of systems as "the degree to which rules define roles, authority relations, communications, norms, and sanctions and procedures" (Kohli & Jaworski, 1990: 10). It is the existence of rules in the firm and the efforts made by the firm to enforce those rules (Jaworski & Kohli, 1993).

Formalisation of organisational structures, systems, and processes can favour or obstruct intelligence dissemination and interfunctional coordination. The link between formalisation and MO is contingent on the firm's culture, the firm's adaptive nature, and the design of formalised systems (Jaworski & Kohli, 1993). In stable environments or environments in which tasks are relatively simple and/or monotonous, formalisation increases efficiency and lowers administrative costs (Olson, Walker & Ruekert, 1995). Formal rules and procedures can regulate decisions and operational relationships, and make allowances for appropriate behaviours to be prescribed and routine aspects of a problem to be addressed (Olson, Slater & Hult, 2005b). Since formalised rule are inflexible and carry administrative cost, they are not always appropriate (Ruekert & Walker, 1987). Formalisation can drive organisational

conflict by depriving autonomy provided by ambiguity and reducing self-directed choice (Pondy, 1967), principally for individualistic societies, and in turn inhibit market-oriented behaviour (Selnes, Jaworski & Kohli, 1996).

In their meta-analysis, Kirca, Jayachandran and Bearden (2005) found that formalisation does not hamper MO when exploring its relations with other market-oriented antecedents simultaneously in a multivariate path analysis. Their finding is consistent with Jaworski and Kohli's (1993) line of reasoning: the nature of formalised rules, rather than the extent of formalisation, may be important for MO because organisations can design rules to encourage market-oriented behaviours.

I expect that this theorised relation will differ for the EM institutional context. Since EMs hold highly embedded societal views, organisations tend to champion the status quo and traditional order (Schwartz, 2003). While these traditional values “led to better acceptance (and) understanding of communication of the knowledge transferred”, combined values of collectivism and individualism introduce barriers to knowledge transfer and curtail absorptive capacities to knowledge transfer (May, Puffer & McCarthy, 2005a: 26-27).

Formalisation does not adversely depress the MO of commercial firms EM according to meta-analytic evidence (see Table 13). Although formalised systems somewhat limit commercial firm managers in ECMs and TEs from establishing some market-oriented behaviours, the institutional context generally has a positive moderating role on the relations of centralised systems and MO in EMs (refer to Chapter 2).

Table 13. Meta-Analysis Comparison: Effects of Formalisation on Market Orientation

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	2,185	-.12	-.36-30	147	-.02	-.25
EM meta-analysis	481	.07	-.12-.27	149	.05	.53

To my knowledge, MO researchers have not yet published information on the effects of formalisation on the MO of NPOs. Nevertheless, I hypothesise that formal systems including rules, regulations, and policies enacted by South African HCPs do not reduce the distribution of information, the sharing of knowledge and skills, and market responsiveness. In other words, I expect formalisation to have a positive effect on the MO of South African HCPs. Top management and subordinates of South African HIV/AIDS NPOs respect the status quo and power imbalances to some extent; therefore, organisational formalities will not impede information dissemination and its access. Therefore, I put forward the following hypothesis:

Hypothesis 5. Formalisation of systems will have a positive effect on the market orientation of South African HIV/AIDS care providers.

3.9.6. MAIN EFFECT OF INTERDEPARTMENTAL CONNECTEDNESS ON MARKET ORIENTATION

Two opposing social behaviours, cooperation or conflict, can surface in formal organisations depending on how groups, networks, teams or departments manage their internal relationships. *Cooperation*, in the broadest sense, is “an interactive and relational behaviour that occurs between members of a group” (Milton & Westphal, 2005: 192). Research has classified conflict into groupings - relationship conflict and task conflict. While relationship conflict is defined as “interpersonal incompatibility accompanied by tension, annoyance and frustration”, task conflict is recognised as “disagreement about the tasks being performed” (Polzer, Milton & Swann, 2002: 302).

Interdepartmental connectedness and conflict are two interpersonal and intergroup relations known to affect market-oriented behaviours. They can smooth or hinder working relationships, encourage people to respond to customer needs and encourage organisation-wide participation in strategy making and implementation (Burgess, 2007).

Interdepartmental connectedness refers to “the degree of formal and informal direct contact among employees across departments” (Kohli & Jaworski, 1990: 10). Departments that are more connected and integrated adopt open communication channels rather than operate independently (Kohli, Jaworski & Kumar, 1993; Luo, Slotegraaf & Pan, 2006). Their employees coordinate efforts through top management. The behaviour of connectedness facilitates the exchange of information and the actual use of information (Cronbach & Associates, 1981; Deshpandé & Zaltman, 1982).

Empirical research demonstrates that interdepartmental connectedness promotes the dissemination of market information (Jaworski & Kohli, 1993). Shorter distances between departments among other activities increase the frequency of information dissemination, whilst commitment and trust improve the formality of the process across functional boundaries (Maltz & Kohli, 1996). In addition, the culture of connectedness empowers departments across functional specialisations to deliver value to internal and external customers (Kennedy, Goolsby & Arnould, 2003). Therefore, this interpersonal and intergroup dynamic enhances MO because of its emphasis on greater sharing, dissemination of information, and organisational unification.

Consistent with the above findings, Kirca, Jayachandran and Bearden (2005) report that interdepartmental connectedness significantly improves MO. Furthermore, these same researchers discover that interdepartmental connectedness has the strongest impact on MO based on multivariate path analysis of MO and several antecedents.

I expect the theorised relation to hold irrespective of the institutional context. Firms in EMs will share information more freely and act more cooperatively during implementation (Nakata & Sivakumar, 2001) since cultural embeddedness and hierarchy facilitate group identity and support group cohesion (Schwartz, 2003). While the literature in EMs has not entirely explored this relationship, evidence from this study's meta-analysis suggests that the effects are comparable across institutional context (refer to Table 14).

Table 14. Meta-Analysis Comparison: Effects of Interdepartmental Connectedness on Market Orientation

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	3,282	.56	.10-.67	147	.36	3.27
EM meta-analysis	320	.38	.03-.73	--	--	--

I was unable to find published information on the effects of interdepartmental connectedness on the MO of NPOs. Despite, the scarcity of information, I do not expect the direction of the effect to differ across industry context. South African managers from for-profit and not-for-profit organisations alike are familiar with concepts such as group identity and cohesion, based on their cultural orientations toward embeddedness and hierarchy. Therefore, South African HCPs will identify with and support activities that promote interdepartmental connectedness in order to encourage market-oriented behaviours. Hence, I reasoned that:

Hypothesis 6. Interdepartmental connectedness will have a positive effect on the market orientation of South African HIV/AIDS care providers.

3.9.7. MAIN EFFECT OF INTERDEPARTMENTAL CONFLICT ON MARKET ORIENTATION

Task (i.e. functional) and interpersonal (i.e. dysfunctional) conflict are two major types of conflict. Task conflict focuses on the content and goals of work. Task conflict reinforces constructive criticism and devil advocacy in organisations; thereby increasing decision quality, which improves decision-making outcomes and group productivity, and enhancing the quality of business strategies and market performance (Jehn, 1997; Menon, Bharadwaj & Howell, 1996). Interpersonal conflict is related to relationship issues. It is detrimental to job satisfaction and performance and produces deleterious consequences for quality of strategy and market performance.

Theories of social identity (Tajfel, 1982) and self-categorisation (Turner *et al.*, 1987) explain the harmful effects of diversity. Greater diversity causes organisational members to employ disruptive social categorisations, in that workgroup members are categorised into an in-group and an out-groups based on their demographic or functional differences (Northcraft

et al., 1995). Intergroup categorisations, in particular, increase interpersonal conflict while undermining cohesion, social integration, and informal communication (Pelled, Eisenhardt & Xin, 1999; Smith *et al.*, 1994).

MO researchers define interdepartmental conflict as “tension between two or more departments that arises from incompatibility of actual or desired responses” (Kohli & Jaworski, 1990: 9). They have found that interpersonal and intergroup conflict in particular inhibits communication across departments (Ruekert & Walker, 1987) and lowers market intelligence dissemination (Maltz & Kohli, 1996). For example, marketing managers are less motivated to disseminate intelligence vertically to higher-level non-marketing managers because of the relatively high psychological costs of communicating with them (Blair, Roberts & McKechnie, 1985). As a result, the lack of communication diminishes the prospect for concerted response to market needs (Lusch, Udell & Laczniak, 1976). Simultaneously, these caustic derivatives of conflict impede an organisation’s market-oriented behaviours.

Empirical data substantiate the negative influence interdepartmental conflict has on commercial firm MO. Kirca, Jayachandran and Bearden’s (2005) meta-analysis underscore this negative association using bivariate and multivariate evidence from mostly HIC studies.

While MO researchers in HICs have reported that interdepartmental conflict ordinarily interrupts rather than binds departments together, this may not be the case for EMs. First, organisational boundaries between departments are more distinctive and less permeable for businesses in EMs. Employees confirm each other’s role identities and status within departmentalised units and disparage interdepartmental conflict (Burgess & Nyajeka, 2007). At the same time, moderate levels of conflict mitigate organisational inactivity and intensify progress and encourage market-oriented behaviours (Burgess, 2007).

Second, anecdotal evidence suggests organisations can manage conflict successfully with increased familiarity and collectivistic norms (Williams & O’Reilly, 1998). In EMs, employees from distinct departments employ intergroup categorisations and their personal values derived from embedded and hierarchical cultural orientations repress interpersonal conflict. Moreover, task conflict as opposed to interpersonal conflict stimulates the exchange of ideas, opinions, and information (Amason, 1996) in EMs. Intense dialogue and sharing among departmental representatives help organisations learn more about customer needs and preferences and stakeholder issues. It fosters alternative strategy development and culminates in optimal decisions and organisational strategic response (Polzer, Milton & Swann, 2002).

According to bivariate and multivariate meta-analytic evidence, interdepartmental conflict has a positive effect on MO for commercial firms in EMs (see Table 15). Moreover, commercial firm managers in ECMs and TEs use task conflict to promote market-oriented behaviours among employees from different departments (refer to Chapter 2).

Table 15. Meta-Analysis Comparison: Effects of Interdepartmental Conflict on Market Orientation

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	530	-.32	-.59-.09	147	-.14	-1.50
EM meta-analysis	481	.22	-.08-.52	149	.30	3.53

Published information on the effects of interdepartmental conflict on the MO of NPOs was unavailable. However, I theorise that interdepartmental conflict will not undermine market-oriented behaviours of South African HCPs based on my earlier argument that employees in EMs engage in moderate levels of task conflict to promote organisational development and encourage market-oriented behaviours. Therefore, South African HCPs present boundary conditions to MO theory.

Hypothesis 7. Interdepartmental conflict will have a positive effect on the market orientation of South African HIV/AIDS care providers.

3.9.8. MAIN EFFECT OF EXPERIENCE ON MARKET ORIENTATION

An organisation undergoing substantial change is pressured to improve its products and services and/or advance value to customers. Having established a culture of learning, the learning organisation is resistant to environmental complexity (Sinkula, Baker & Noordewier, 1997). The learning organisation is able to remain cooperative and adjust to unanticipated relationship setbacks (Webster, 1992). It is also able reallocate resources to concentrate on opportunities or threats continuously surfacing. A learning orientation gives an organisation a chance to create a sustainable competitive advantage (Hurley & Hult, 1998; Sinkula, Baker & Noordewier, 1997).

Learning organisations are places “where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together” (Senge, 1990: 3). Theorists propose four schools of thought as the concept of organisational learning has evolved (c.f. Bell, Whitwell & Lukas, 2002). The information processing perspective defines it as “the development of new knowledge or insights that have the potential to influence behaviour” (Slater & Narver, 1995: 63).

Proponents of the information processing perspective (e.g. Hult & Ferrell, 1997; Slater & Narver, 1995) adopt theories of other disciplines, which argue that learning is a socially

constructed phenomenon (Bennet & O'Brien, 1994; Fiol & Lyles, 1985; Garvin, 1993). Learning-oriented businesses exploit formal to informal learning processes, which stretch beyond the individual and group levels to the institution (Crossan, Lane & White, 1999). Employees and management employ experience, language, and conversation among other processes. Systems, practices, and resources that are interactive or based on shared understanding and mutual adjustment are group inputs and outputs. To build a culture of institutional learning, businesses also make use of formal routines, rules, and procedures with diagnostic systems (e.g. quality improvement teams, meetings to stimulate conversations, executive education courses) (Burgess, 2007).

Learning processes are also cyclical (Lee, Courtney & O'Keefe, 1992). The individual's behaviour influences the environment and vice versa. In turn, individuals and organisations create organisational memory, such as shared beliefs, assumptions, and norms, which ultimately guide market-based actions (Argyris & Schön, 1978). Managerial intervention, in particular, is essential for the progress of learning (cognitive and behavioural) capabilities. Because learning processes are essential for market-oriented businesses, I examine organisational experience and market-based learning systems in this thesis.

Individuals in organisations can acquire market experiences when they exploit of the knowledge of others or practice certain behaviours through self-exploration. Individuals in organisations can learn new concepts and ideas on their own (March, 1991). Otherwise, they can take advantage of learnt experiences through benchmarking, networking, working with lead customers, continuous instructive education, or training (Slater & Narver, 1995; Webster, 1992). Marketers working in environments undergoing rapid change learn most from experience. Their prior knowledge is continuously being challenged which force them to reflect and make new decisions.

Experience is a variable germane to cross-culture marketing research. Experiential market knowledge decreases the time it takes organisations to gather and interpret market information (Carlson, 1975). It decreases the degree of foreignness or psychic distance (Vahlne & Wiedersheim-Paul, 1977). It helps exporters to plan and implement their marketing strategies (Morgan, Zou, Vorhies & Katsikeas, 2003). The intensity and diversity of host country experience can also improve subunit performance including sales, profits, and cost efficiency for cross-culture marketers (i.e. Carlsson, Nordegren & Sjöholm, 2005; Luo & Peng, 1999). I use organisational age as a proxy for organisational experience.

To my knowledge, research has not empirically studied the experiences of NPO managers and their impact on market-oriented behaviours. However, I assume that South African

HCPs who have served customers and managed stakeholder issues for several years are experienced in handling the effects of globalisation, intense competition, technological change, fragmentation of donor requirements. Therefore, I put forward that organisational experiences of South African HCPs have a positive effect on MO.

Hypothesis 8. Organisational experience will have a positive effect on the market orientation of South African HIV/AIDS care providers.

The strategic marketing literature has categorised organisational learning as either adaptive or generative. Adaptive learning is sequential, incremental, and focused learning confined to issues or opportunities within the traditional scope of an organisation. It limits business to incremental innovation (i.e. innovation that creates new paradigms) (Baker & Sinkula, 1999). Generative learning focuses on interrelationships and dynamic processes of change. Marketers question assumptions related to their organisational mission, customers, capabilities, or strategies. This type of learning facilitates the unlearning of obsolete perspectives, systems, and procedures and drives breakthrough innovation and “blue sky strategies” (Kim & Mauborgne, 2005).

Market-based learning is learning directed toward markets and built on information acquisition, information dissemination, and shared interpretation (Huber, 1991; Sinkula, 1994). This style of learning relies on the experiences of and interactions with external market players. While it can remain dormant until stimulated for organisational purposes, it is difficult to retrieve, leash or even interpret its potential (Bell, Whitwell & Lukas, 2002). Market-based learning systems that organisations exploit include customer satisfaction research, sales, and inventory tracking systems, advertising pre-test procedures, role-playing scenario planning, performance reviews (Baker & Sinkula, 1999).

Learning systems help organisations develop a MO because a culture of organisational learning reinforces market-oriented actions (Sinkula, Baker & Noordewier, 1997). While the literature does not suggest that market-based learning systems directly encourage market-oriented behaviours in the NPO industry context, I assume that learning systems influence MO irrespective of industry context. Therefore, I anticipate that market-based learning systems will be correlated (not necessarily related) to the MO of South African HCPs. Since this thesis employed a 2-point scale to evaluate learning systems, I will not test the causal link between learning system measures and the MO construct. Instead, I use the learning system measures to conduct a manipulation check of the MO construct, as explained in my main study’s methods (refer to Chapter 4).

3.10. DIRECT EFFECTS OF MARKET ORIENTATION ON CUSTOMER CONSEQUENCES

Customer consequences embrace the perceived quality of products or services, customer loyalty, customer retention, and customer satisfaction. These consequences can be categorised into observable and unobservable measures (Gupta & Zeithaml, 2005). Observable measures comprise of customer behaviours related to purchase or consumption. Customer retention belongs to this group of customer metrics. Conversely, unobservable measures anticipate or predict observable behaviour. They include constructs that operationalise perceptions (e.g. service quality), attitudes (e.g. customer satisfaction), or behavioural intentions (e.g. customer loyalty).

By creating customer value, Kohli, Jaworski and Kumar (1993) suggest that prompt action in response to intelligence that is generated and disseminated about the customers can lead to increased customer satisfaction, customer loyalty, and attraction of new customers. While reviewing empirical research, a handful of studies allude to the positive effect of MO on customer metrics. With 43 effects, Kirca, Jayachandran and Bearden (2005) establish that MO enhances customer consequences of quality, customer satisfaction, and customer loyalty.

Comparable findings were uncovered in this study's EM and NPO meta-analyses. MO and organisational customer consequence relations were positive and robust (see Table 16).

Table 16. Meta-Analysis Comparison: Effects of Market Orientation on Organisational Customer Consequence

	Bivariate Effects			Multivariate Effects	
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised t-value Coefficient
Kirca, Jayachandran & Bearden (2005) meta-analysis	--	--	--	--	--
EM meta-analysis	914	.42	.18-.65	--	--
NPO meta-analysis	523	.38	.05-.71	--	--

Researchers have focused on testing the effect of MO on customer satisfaction, customer loyalty, and service quality. In the next, I consider the body of literature to justify the expected direction of effects of MO on customer consequences for South African HCPs.

3.10.1. MAIN EFFECT OF MARKET ORIENTATION ON SERVICE QUALITY

Several definitions, operationalisations, and non-empirical and empirical techniques are available in the services marketing literature to describe and examine service quality (e.g. Brady & Cronin, 2001; Dabholkar, Thorpe & Rentz, 1996; Parasuraman, Zeithaml & Berry, 1988). Service quality is the comparison of customers' expectations and perceptions of service received (Parasuraman, Zeithaml & Berry, 1994). Researchers often employ the SERVQUAL measurement instrument (Parasuraman, Zeithaml & Berry, 1988; Zeithaml & Parasuraman, 2004) to test service quality (expectations and perceptions) with other

organisational and consumer variables (Gupta & Zeithaml, 2005). Perceived service quality comprehensively represents five dimensions (e.g. tangibles and intangibles such as reliability, responsiveness, assurance, and empathy) purified from qualitative data generated from executive interviews in HICs (Parasuraman, Zeithaml & Berry, 1985). In spite of its popularity and widespread application, researchers have criticised SERVQUAL conceptually and operationally. They (c.f., Buttle, 1996) raise concerns about “the interpretation of and need to measure expectations, the appropriateness of measuring service quality using difference scores, and the generalisability of the five dimensions across all service contexts” (Gupta & Zeithaml, 2005: 7).

Service quality is also defined in terms of customers’ experiences and their interactions with the service provider. Grönroos’ (1982) two-factor Nordic conceptualisation considers both technical quality (i.e. quality of the service received) and functional quality (i.e. the manner in which the service is delivered). Rust and Oliver (1994) offer a three-component model which measures the service product (i.e. technical quality), the service delivery (i.e. functional quality), and the service environment. Healthcare researchers (c.f. McAlexander, Kaldenberg & Koenig, 1994) have employed similar measurement models.

In addition, researchers operationalise (c.f. Dabholkar, Thorpe & Rentz, 1996) service quality as a complex set of multi-level dimensions that account for human perceptions. Most recently, Brady and Cronin (2001) incorporate the service quality dimensions and themes of Grönroos (1982), Dabholka, Thorpe and Rentz, (1996) and Parasuraman, Zeithaml and Berry (1985). They test their hierarchical framework of service quality, a third-order structure of quality of interaction, physical environment, and outcome dimensions of a service experience with three sub-dimensions per dimension, on an array of USA metropolitan service providers.

Service quality and other customer metrics are closely related. Service quality has a strong positive effect on the customer’s loyalty to a business and the willingness to pay more for a service or product and a negative effect on propensity to switch (Zeithaml, Berry & Parasuraman, 1996). Likewise, improvements in service quality lead to higher present customer satisfaction and customer retention and new customer attraction (Boulding *et al.*, 1993; Reichheld & Sasser, 1990; Rust, Zahorik & Keiningham, 1995). However, service quality considers fundamentals that common marketing concepts such as customer satisfaction do not. Service quality is a perceived global judgment or attitude relating to the superiority of quality (Parasuraman, Zeithaml & Berry, 1988). Researchers can examine service quality from a long-term relationship perspective. Conversely, customer satisfaction is equated as the fulfilment of a single transaction or the overall delivery of products and

services or the experience in consumption and purchasing.

Superior service quality also improves long-term business performance (Zeithaml, 2000; Zeithaml & Parasuraman, 2004). When services are superior in quality, commercial firms achieve superior financial returns, revenue from services, and profits (Capon, Farley & Hoenig, 1990; Rust, Zahorik & Keiningham, 1995). Hospitals, in particular, achieve superior financial earnings, new revenue, and return on assets (ROA) when they improve their standards of quality (Nelson *et al.*, 1992).

Empirical research in HICs validates traditional assumptions that market-engaging behaviours increase perceived service quality. Based on a mixed dataset of 2,361 respondents, Kirca, Jayachandran and Bearden (2005) established that MO has a positive and robust effect on perceived quality of products and services and that perceived quality partially mediates the MO-organisational performance link.

MO is positively related to service quality, irrespective of institutional or industry context. Having sampled Chinese manufacturing firms, Kaynak and Kara (2004) conclude MO has a positive impact on quality. Raju, Lonial and Gupta's (1995) findings on US not-for-profit hospitals also support this causal link. Therefore, I expect MO has a positive effect on the service quality of the South African HCPs.

In this thesis, I do not ask South African HCPs to evaluate their levels of service quality. Instead, I ask HIV/AIDS beneficiaries report their perceptions of service quality. By comparing perceived service quality to market orientation items related to service quality, I test whether the market-oriented behaviours of South African HCPs influence actual service quality.

3.10.2. MAIN EFFECT OF MARKET ORIENTATION ON BENEFICIARY SATISFACTION

Customer satisfaction is the cumulative difference between the actual and perceived performance of a product or service. Tse and Mittal express customer satisfaction as “the consumer's response to the evaluation of the perceived discrepancy between prior expectations... and the actual performance of the product as perceived after its consumption” (1988: 204). Anderson and Sullivan characterise it as a “post-purchase evaluation of product quality given pre-purchase expectations” (1993: 126). Anderson, Fornell and Lehmann state that it is “an overall evaluation based on the total purchase and consumption experience with a good or service over time” (1994: 54).

To assess customer satisfaction from a cumulative level, the Swedish Customer Satisfaction Barometer is the function of general satisfaction, confirmation of expectations,

and the distance from the customer's hypothetical ideal product (Fornell, 1992). It accounts for the fallibility of prior measures, omits the antecedents of customer satisfaction, and considers customer satisfaction indicators that have the highest impact on customer loyalty and customer retention. In other words, customer satisfaction is operationalised as "a function of customers' expectations, perceptions of performance, and prior satisfaction" (Johnson, Anderson & Fornell, 1995: 696).

Likewise, customer satisfaction is the evaluation of a products or service from a transactional level. Transaction-specific customer satisfaction is an immediate post-purchase evaluative judgment that captures the transient and encounter-specific evaluations and emotions (Garbarino & Johnson, 1999). This operationalisation differs from cumulative satisfaction in that it is an attitude related to a specific purchase or "the consumer's fulfilment response... a judgment that a product or service feature, or the product or service itself, provided... a pleasurable level of consumption-related fulfilment" (Oliver, 1997: 12).

Garbarino and Johnson's (1999) cumulative relational construct has been used in the NPO industry context. It employs three measurement scales (i.e. Likert, semantic differential scales, and comparative rating items). In their study, Garbarino and Johnson (1999) ask NPO beneficiaries to evaluate specific products and services on several criteria and various business facets and then compare satisfaction criteria to each other. Compared to that of the translational-specific customer satisfaction measure, this relational measure for customer satisfaction is a more rigorous assessment of not-for-profit beneficiary satisfaction.

The above-mentioned operationalisations focus on the past and present evaluations of the product or service. Other researchers (Lemon, White & Winer, 2002) also incorporate consumer-anticipated future benefits and regret.

Researchers (e.g. Slater & Narver, 1994b) often conclude that market-oriented behaviours that anticipate customer needs galvanise superior customer satisfaction. Based on a total sample of 1,684, Kirca, Jayachandran and Bearden (2005) found a robust and positive link between MO and perceived managerial assessment of customer satisfaction (see Table 17).

To my knowledge, this is first study to test the effects of MO on customer satisfaction in HCP industry context. However, Qu and Ennew (2003) who studied the tourism management industry in China concluded that managers who institute market-oriented behaviours report high levels of customer satisfaction. Moreover, Padanyi (2001) found that a client-centric culture significantly improves clients' satisfaction when studying Canadian NPO managers from private and public sectors.

Table 17. Meta-Analysis Comparison: Effects of Market Orientation on Customer Satisfaction

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	1,684	.45	.01-.69	--	--	--
EM meta-analysis	225	.34	--	--	--	--
NPO meta-analysis	453	.38	--	--	--	--

I also expect that the direction of MO and customer satisfaction to be positive for several reasons. First, research conducted on the EM institutional and the NPO industry contexts found that exceptionally market-oriented managers report high levels of beneficiary satisfaction. Second, beneficiaries of not-for-profit businesses in EMs have low expectations in service performance. They place a strong emphasis on transactions because are generally unable to pay for services elsewhere. However, they do not expect NPOs to meet all their personal needs given that most NPOs in EMs are short-staffed and under-funded. Therefore, when market-oriented South African HCPs exceed the expected translational and relational performance of their services, their beneficiaries are exceptionally satisfied.

Hypothesis 9a. The market orientation of South African HIV/AIDS care providers will have a positive effect on beneficiary satisfaction.

The marketing literature has demonstrated that customer satisfaction enhances a firm's performance because of the direct link between behavioural and financial consequence measures (Anderson, Fornell & Lehmann, 1994; Johnson, Anderson & Fornell, 1995). Customer satisfaction causes repeat purchasing behaviour and dissatisfaction triggers complaining behaviour and negative word-of-mouth (Szymanski & Henard, 2001). Improved customer satisfaction ratings have a positive effect on ROI and ROA and increase a firm's net operational cash flow for the following year but decrease cash flow variability (Anderson & Mittal, 2000; Gruca & Rego, 2005; Hallowell, 1996). Customer satisfaction optimises market value for service providers, in preference to manufacturers and retailers, and increases shareholder value (Anderson *et al.*, 2002; Ittner & Larcker, 1998). Therefore, I also anticipate that customer satisfaction will mediate the relationship between MO and organisational performance if I revised my model of hypothesis structural relations. Essentially, more satisfied beneficiaries will translate into greater fundraising and financial performance outcomes.

3.10.3. MAIN EFFECT OF MARKET ORIENTATION ON BENEFICIARY LOYALTY

Customer loyalty is defined as "a deeply held commitment to rebuy or repatronise a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential

to cause switching behaviour” (Oliver, 1997: 392). Fornell (1992) measures customer loyalty using repurchase intention and price tolerance for satisfied customers. Zeithaml, Berry and Parasuraman’s (1996) construct merges customer loyalty with elements of behavioural-intentions, including propensity to switch, willingness to pay more, and external response to service problems.

Once customers are generally satisfied, they become long-time patrons of a business. In other words, higher levels of customer satisfaction lead to repurchase behaviour and greater customer loyalty (Bearden & Teel, 1983). This causal link is more applicable for high relational customers as opposed to transactional customers since bonds of trust and commitment prevent customers from defecting (Garbarino & Johnson, 1999).

Empirical research conducted in HICs (Slater & Narver, 1994b) has shown market-oriented firms are prepared to satisfy the needs of their customers on a continuous basis. Kirca, Jayachandran and Bearden (2005) demonstrates the positive link between MO and customer loyalty across HIC and EM institutional contexts. This study’s meta-analysis also found that the disattenuated effect size of MO and customer retention is positive and significant in EMs (see Table 18). Raju, Lonial and Gupta (1995) also found that customer retention was significantly shaped by not-for-profit customer-oriented behaviours.

Table 18. Meta-Analysis Comparison: Effects of Market Orientation on Customer Loyalty

	Bivariate Effects		Multivariate Effects			
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	2,485	.35	.14–.58	157	.37	4.07
EM meta-analysis	914	.41	.15–.68	--	--	--

Although no study has published their findings on the effect of MO on customer loyalty in the HCP industry context, I argue that market-oriented South African HIV/AIDS organisations increase the loyalty of their beneficiaries. If their HCPs adopt a customer-centric mind-set and offer services that hard to imitate, their NPO are able to retain their satisfied beneficiaries and create loyal beneficiaries.

Hypothesis 9b. The market orientation of South African HIV/AIDS care providers will have a positive effect on beneficiary loyalty.

Due to their rich marketing experiences, managers are in the best position to comment on service delivery and levels of customer value (Seilder, 1974). However, their judgments may conceal customer and employee perceptions of satisfaction, loyalty, and service delivery. Research in HICs (e.g. Castro, Armario & Del Río, 2005; Krepapa *et al.*, 2003) found that causal relations of MO and customer satisfaction differ among managers, employees, and

customers. In order to compare stakeholder and customer perceptions of satisfaction and loyalty, I survey HIV/AIDS care supporters (HCSs) and HIV/AIDS beneficiaries for my main study. However, South African HCPs who are exceptional at delivering products and services with a customer mind-set are bound to have high levels of beneficiary satisfaction and loyalty as professed by their supporters and customers.

The literature establishes that MO improves customer loyalty and, in turn, business performance. Loyal customers help businesses secure future revenue and market share (Fornell, 1992), reduce costs of future transactions (Reichheld, 1996b), mitigate customer defection if quality falters (Anderson & Sullivan, 1993), and gain profits (Reinartz & Kumar, 2000). Moreover, Kirca, Jayachandran and Bearden (2005) confirm that customer loyalty significantly mediates the relationship between MO and organisational performance. Therefore, customer satisfaction also acts as a mediator in the South African HCP context in a revised model of my hypothesised structural relations. In essence, if HCPs strengthen their bonds with beneficiaries, they can increase their organisational donations, revenue from services and cash flow.

3.11. DIRECT EFFECT OF MARKET ORIENTATION ON EMPLOYEE CONSEQUENCES

The most influential stakeholder of an organisation is the employee, regardless of his/her organisational responsibility. The normative stakeholder theory contends that the firm has the fiduciary responsibility of advancing the well-being and self-actualisation of the employee, granting him/her periodic training and active leadership participation while delegating appropriate job responsibilities. The literature expresses the benefits of being employee-oriented, time and again, and identifies its role in the success of corporations irrespective of institutional context (Fritz, 1996; Hooley *et al.*, 2003; Luk *et al.*, 2005).

Market-oriented behaviours encourage the cooperation of individuals under all departments to achieve common goals (Kohli & Jaworski, 1990). The collaborative process and accomplishment of market-oriented objectives bolsters employees with a sense of team confidence, confers feelings of organisational commitment, and stimulates job fulfilment. Kirca, Jayachandran and Bearden's (2005) meta-analysis of MO and its effect on varied employee consequences confirm this philosophy (see Chapter 2). Furthermore, this study's EM meta-analysis shows that MO and its dimensions encourage positive organisational employee outcomes (see Chapter 2).

3.11.1. MAIN EFFECT OF MARKET ORIENTATION ON JOB SATISFACTION

The term job satisfaction has taken on different forms. Organisational psychologists interpret

it theoretically as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Locke, 1976: 1300). In the context of the organisational salesforce, the term is conceptualised as “all characteristics of the job itself and the work environment which (industrial) salesmen find rewarding, fulfilling, and satisfying, or frustrating and unsatisfying” (Churchill, Ford & Walker, 1974: 255). However, unlike team spirit and organisational commitment, job satisfaction’s undertone centres on the individual rather than group.

A key operational definition of job satisfaction reflects the employee’s affective state or immediate response to the job or to certain tangible aspects (e.g. pay, promotion opportunities, co-workers, supervision, etc.) of the specific work environment (Churchill, Ford & Walker, 1976; Mowday, Steers, & Porter, 1979; Smith, 1992a). Some researchers adopt measures that split job satisfaction into separate facets. Its fulfilment is dependent on the intrinsic and extrinsic appraisal of the job and other characteristics of the work environment (Bagozzi, 1980; Porter, Crampton & Smith, 1976). A recent operationalisation describes customer-linked job-satisfaction as a facet related to an organisation’s willingness to serve customers as perceived by employees (Paulin, Ferguson & Bergeron, 2006). Finally, other researchers assess overall job satisfaction with a single item measure (Hackman & Oldman, 1975).

MO studies employ a range of job satisfaction constructs (e.g. multidimensional 14-item construct of Wood, Chonko & Hunt’s, 1986 and unidimensional 7-item construct of Churchill, Ford & Walker, 1974). MO has a positive effect on job satisfaction according to these studies (i.e. Jaworski & Kohli, 1993; Powpaka, 2005; Siguaw, Brown & Widing, 1994). Kirca, Jayachandran and Bearden (2005) substantiate the positive robust MO-job satisfaction link with a total of five studies that make use of unidimensional and multidimensional scales.

I anticipate that this above theorised relation holds irrespective of institutional context. In their study, Powpaka (2005) reported that customer service employees had high levels of job satisfaction in Thailand banks (see Table 19).

Table 19. Meta-Analysis Comparison: Effects of Market Orientation on Job Satisfaction

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	937	.61	.26-.64	--	--	--
EM meta-analysis	374	.41	.07-.72	--	--	--

Although MO researchers have not published findings on this relationship in the NPO industry context, I assume that MO has a positive effect on the job satisfaction of South African HIV/AIDS not-for-profit employees and volunteers. First, when South African

HCPs develop an organisational culture of market orientation and reinforce the implementation of market-oriented behaviours, they cultivate environments that create superior value for beneficiaries and nurture strong bonds of collegiality among their internal stakeholders. Second, market-oriented HCPs appreciate the work of their employees and volunteers who serve their beneficiaries and support organisational objectives. They offer market-based monetary rewards and/or intangible incentives such as opportunities for growth and promotions to keep their employees and volunteers fulfilled in their jobs.

Hypothesis 10. The market orientation of South African HIV/AIDS care providers will have a positive effect on employee and volunteer job satisfaction.

3.12. DIRECT EFFECTS OF MARKET ORIENTATION ON INNOVATION CONSEQUENCES

Researchers (Nelson, 1995; Teece & Pisano, 1994) explained that innovation is an organisational capability or core competency. More specifically, it is the generation and/or adoption of organisational ideas, processes, products, or services (Gatignon *et al.*, 2002). The marketing literature broadly groups typologies related to innovation. Technical innovation is concerned with product or process innovations. Administrative innovations “involve organisational structure and administrative process; they are indirectly related to the basic work activities of an organisation” (Damanpour, 1991: 91).

Incremental (continuous) and radical (disruptive) innovations are additional innovation sub-classifications (Anderson & Tushman, 1990; Hart & Christensen, 2002). Incremental innovations are minor adaptations in technology that have the potential to stimulate a technological turbulence (Zhou, Yim & Tse, 2005). Radical innovations are state-of-the-art technological advances that are novel and far more superior (Christensen, 1997). In particular, technology-based radical innovations improve existing and/or sophisticated customer markets and market-based radical innovations improve the benefits to mainstream customers. Technology-based radical innovations also advance the technological trajectory of so-called ‘middle to low income’ mass market segments by competing with non-consumption, which is naturally critical for long-run survival in EMs (Burgess & Steenkamp, 2006). Moreover, innovativeness and new product development and performance are innovation typologies often discussed in the marketing literature (Gatignon & Xuereb, 1997; Sethi, Smith & Park, 2001; Vorhies & Morgan, 2005).

Although MO acts as a catalyst of innovation, empirical research and meta-analytical studies suggest that MO does not a uniform and generalisable impact on innovation across typologies, industries, and studies. Vincent, Bharadwaj and Challagalla’s (2005) meta-

analysis of studies mainly conducted in HICs found that a competitor orientation has greater effect on innovation than a customer orientation. Moreover, Zhou, Yim and Tse (2005) discover that MO facilitates technology-based innovations but inhibits market-based innovations of Chinese consumer durable and nondurable products. Finally, this study's EM meta-analysis found that the disattenuated effect size of MO on organisational innovation is noticeably larger (see Chapter 2) than Vincent, Bharadwaj and Challagalla's (2005) reported effect size.

3.12.1. MAIN EFFECT OF MARKET ORIENTATION ON INNOVATIVENESS

Innovativeness is a core-value capability of a business (Slater & Narver, 1994c). It is the firm's ability to engage in innovation (Hult, Ketchen & Knight, 2004). Innovativeness has been specifically defined as the firm's cultural readiness and appreciation for innovation or its willingness to deviate from existing practices in creating new products and/or processes (Deshpandé, Farley & Webster, 1993; Hurley & Hult, 1998). New product innovativeness is the extent to which a product differs from competing alternatives in a way that is meaningful to customers (Sethi, Smith & Park, 2001). Unidimensional and multidimensional constructs of innovativeness exist in the marketing literature (Capon *et al.*, 1992; Han, Kim & Srivastava, 1998; Hurley & Hult, 1998).

Research has theorised and empirically shown that MO has a positive effect on innovativeness. Customer-oriented businesses are forward thinking and able to invest in technical and administrative innovations. In turn, their customer-oriented culture positively influences the innovativeness of the commercial firm (Han, Kim & Srivastava, 1998). Kirca, Jayachandran and Bearden (2005) defend the theory that MO has a positive and robust impact on innovativeness (see Table 20).

Moreover, MO has a positive effect on innovativeness in the EM context. Based on a sample of Chinese managers, empirical evidence reveals that a culture of customer-orientation acts as a stimulus for innovativeness (Deshpandé & Farley, 2002).

Table 20. Meta-Analysis Comparison: Effects of Market Orientation on Innovativeness

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised t-value Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	6,013	.45	-.09-.60	147	.50	5.42
EM meta-analysis	297	.25	--	--	--	--

Although researchers have not dealt with the relationship between MO and innovativeness in the NPO and HCP contexts, I expect South African HCPs who strive to meet the needs of their beneficiaries to espouse an ethos of innovativeness. My findings are

consistent with Kirca, Jayachandran and Bearden (2005) meta-analysis. Therefore, MO positively influences the innovativeness of South African HCPs.

Hypothesis 11a. The market orientation of South African HIV/AIDS care providers will have a positive effect on innovativeness.

3.12.2. MAIN EFFECT OF MARKET ORIENTATION ON NEW SERVICE DEVELOPMENT

New product performance is the perceived success of new product innovation and the effective development of new products (Gatignon & Xuereb, 1997; Im & Workman, 2004; Kaynak & Kara, 2004). While the theoretical definition for new product performance remains the same in the marketing literature, alternative constructs are available. Olson, Walker and Ruekert (1995) employ multiple items such as quality of the new product, management satisfaction with the final design, and time to reach break-even after introduction. Gatignon and Xuereb (1997) use product quality, new product introduction pace, value to customer relative to major competitors, and effectiveness of brand building to measure new product performance.

The literature occasionally validates links with MO and new product performance, success, or development. For example, Gatignon and Xuereb (1997) conclude that competitor-oriented firms across the US benefit from introducing new products when customer demand is relatively certain. Likewise, Im and Workman (2004) found that customer oriented behaviours limit US technology firms from introducing novel products whereas competitor oriented behaviours encourage employees to produce new products. Overall, Kirca, Jayachandran and Bearden (2005) found that MO significantly influences new product performance.

MO has a stronger effect on new product development in the EM institutional context (see Table 21). According to Kaynak and Kara (2004), market-oriented Chinese manufacturing firms are more effective in developing new products than their competitors.

Table 21. Meta-Analysis Comparison: Effects of Market Orientation on New Product Development

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	5,922	.36	.07-.58	--	--	--
EM meta-analysis	341	.62	.26-.98	--	--	--

I did not find published research that tests the effects of MO on new product development in the NPO and HCP contexts. However, I assume that market-oriented South African HCPs will actively develop new services for their beneficiaries for several reasons. Market-oriented HCPs are responsive to competition and therefore encourage their employees to

develop new services to stay ahead of the competition. To some extent, these managers can sense when their beneficiaries are dissatisfied with current services and in order to keep their loyal beneficiaries, they create new services.

Hypothesis 11b. The market orientation of South African HIV/AIDS care providers will have a positive effect on new service development.

3.13. DIRECT EFFECTS OF MARKET ORIENTATION ON ORGANISATIONAL PERFORMANCE

Strategic management literature uses multiple performance measures to test direct and indirect hypothesised relations on performance. Organisational performance, or otherwise known as business performance, comprises of several measures. It is a composite of financial and nonfinancial performance measures (Venkatraman & Ramanujam, 1986). The following are the key performance measure classifications: i) financial performance (profits, ROA, ROI, etc.); ii) market performance (sales, market share, etc.); iii) shareholder return (total shareholder return, economic value added, etc.); iv) technology-oriented performance (new product introduction, product quality, manufacturing value-added, etc.); and v) corporate social responsibility (CSR). Researchers tend to relate these measures to central stakeholders, the competitive environment relative to the strategic positioning of the firm, and the time frame over which performance should to be considered (Devinney *et al.*, 2005).

Several empirical studies from diverse industries and geopolitical contexts demonstrate the robust link between MO and performance in commercial firms (c.f. Akimova, 2000; Deshpandé & Farley, 1999; Jaworski & Kohli, 1993; Qu & Ennew, 2003). Notwithstanding, exceptions do exist in the marketing management literature (c.f., Caruana, Ramaseshan & Ewing, 1999; Diamantopoulos & Hart, 1993; Harris, 2001; Mavondo, 1999); yet, scale reliability and other instrumentation problems may have confounded these opposing results. Kirca, Jayachandran and Bearden (2005) substantiate the strength of the MO-organisational performance bivariate relationship using 214 effects from a large sample of commercial firms, predominantly situated in HICs. Moreover, MO has a significant positive effect on organisational performance according to a sample of 25 studies of commercial firms exclusively in EMs (refer to Table 22).

Not-for-profit market researchers (c.f. Balabanis, Stables & Phillips, 1997; Bhuian, Mengu & Bell, 2005; Gainer & Padanyi, 2005; Raju, Lonial & Gupta, 1995; Vázquez González & Santos, 2002) have examined the MO-performance relationship of private and public not-for-profit institutions and foundations such as hospitals, charities, human services agencies, and art-culture centres. Based on empirical findings, not-for-profit MO has shown

to positively impact organisational performance. This study's NPO meta-analysis agrees with prior research findings (see Table 22).

Table 22. Meta-Analysis Comparison: Effects of Market Orientation on Organisational Performance

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Kirca, Jayachandran & Bearden (2005) meta-analysis	36,150	.32	-.15-.79	157	.17	1.78
EM meta-analysis	4,870	.32	.21-.44	--	--	--
NPO meta-analysis	1,682	.33	.14-.53	--	--	--

Commercial firm measures may not always be relevant for NPOs. It is common for not-for-profit success to be evaluated using organisational effectiveness and efficiency measures (Kaplan, 2001a). Since it is a broad term, organisational effectiveness entertains additional performance goals than organisational performance (Cameron & Whetten, 1983). Internal performance measures are coupled with more efficient or effective operations and external measures relate to considerations that are broader than measures simply associated with economic valuation (Campbell, 1977; Goodman & Pennings, 1977). While effectiveness measures ascertain outcomes, efficiency measures epitomise the relationship between input and output (Lamb & Crompton, 1990).

Although a universal model for NPO effectiveness is impossible to devise, multidimensional frameworks have been suggested (Cameron & Whetten, 1983; Connolly, Conlon & Deutsch, 1980). Practitioners often suggest these frameworks should match the organisation's ability to acquire and mobilise resources to desirable outcomes. Since multiple constituencies have varied demands, the frameworks need to include different financial and non-financial information (Cutt *et al.*, 1996). Executive directors, boards, and donors ordinarily specify their need for a wide range of past, present and future related information. Employees, volunteers and beneficiaries depend on a limited range of information. When NPOs incorporate multiple outcome measures (i.e. long-term, short-term measures for objectives, processes and activities performed), their strategies are able to objectify outcomes that reflect multiple constituencies (Kanter & Summer, 1987).

The balanced score card approach is advocated as a practical tool to help the organisation know whether it is 'doing well' on any of the dimensions of effectiveness with which an active constituency might be concerned (Kaplan, 2001b; Niven, 2003). Not-for-profit management research commonly uses scale items involving organisational mission and changes in revenues or annual operating budget to measure effectiveness (c.f., Padanyi, 2001). In spite of this, measures are often too diverse, abundant, and depend on mutually contradictory criteria (Murray & Tassie, 1994). Besides delayed progress in identifying

unidimensional and independent measures (Herman & Renz, 1999), researchers seldom test the reliability and validity of scale items for organisational effectiveness. Regardless, three performance categories are germane to the not-for-profit industry: throughput, outcomes of financial accountability, and fundraising (Niven, 2003). In order to facilitate hypotheses development, I examine the direct effects of MO on these performance measures next.

3.13.1. MAIN EFFECT OF MARKET ORIENTATION ON FINANCIAL PERFORMANCE

Consistent with Kirca, Jayachandran and Bearden's (2005) meta-analysis, MO has a positive effect on financial performance in the contexts of EMs and the NPO industry (see Table 23).

Table 23. Meta-Analysis Comparison: Effects of Market Orientation on Financial Performance

	Bivariate Effects			Multivariate Effects	
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised t-value Coefficient
Kirca, Jayachandran & Bearden (2005) meta-analysis ^a	11,104	.27	-.13-.46	--	--
EM meta-analysis ^b	963	.29	.09-.49	--	--
NPO meta-analysis	394	.24	-.12-.61	--	--

^{a,b} The effect size of MO-profitability is computed.

Although research on the HCP industry context has not been published, I expect MO to have a positive effect on the financial performance of South African HCPs. According to Frank Wylie, Professor at California State University, "when a new force such as AIDS comes along, our share of the resources is diminished. Marketing presents the sensible alternative, the most plausible of the solutions" (Schwartz, 1989: 1). Although marketing and its associated research costs concern some not-for-profit managers, others hire marketers and develop strategies to ensure their survival.

However, the MO-financial performance relationship may not be statistically significant. First, market-oriented commercial firms in ECMs and TEs such as South Africa, compared to those in LICs and command economies, achieve lower levels of organisational performance (refer to Chapter 2). Second, it is unusual for NPOs to make use of the customer intimacy approach unequivocally. Their core strategies necessitate efficiency. They deem an operational excellence approach, based on promptness, minimal cost, and few defects, as more relevant for the sustenance of day-to-day operations (Kaplan, 2001a). Third, beneficiaries challenge their market-oriented competencies because their preferences are rather unpredictable. Not only do beneficiaries change their needs overtime, but demand becomes more complex when more beneficiaries flood a geographic area. Finally, over and above their emphasis on efficiency, NPOs prefer to champion philosophies of relationship building and innovation (Voss & Voss, 2001). Empirical research supports the non-significant effect of MO on financial performance. For example, Balabanis, Stables and

Phillips (1997) uncovers that MO does not advance the ratio of expenses to donor contributions for British charities. Voss and Voss (2000) find that a customer orientation suppresses total income and net surplus for USA theatres.

Hypothesis 12a. The market orientation of South African HIV/AIDS care providers will have a positive effect on financial performance.

3.13.2. MAIN EFFECT OF MARKET ORIENTATION ON FUNDRAISING PERFORMANCE

Financial performance metrics are not always meaningful measures for NPOs (Kaplan, 2001a). Other than being imperfect for measuring intangible elements that drive success, financial metrics are not indicative of future performance (Niven, 2003). Besides, profitability may not indicate the underlying financial health of a firm accurately (Dawes, 1999). The level of investment in R&D and marketing activity has long-term effects on a firm, thus, forcing profitability to vary considerably.

Not-for-profit researchers find it difficult to create surrogate quantitative measures for financial performance. NPOs have goals that are amorphous and offer intangible projects (i.e. products) and services (Forbes, 1998). Mission-based objectives and programmatic day-to-day activities are more germane to the field (Kaplan, 2001c). Therefore, fundraising performance, or the ability to attract diverse resources from donors, may be a better proxy for organisational performance. Objective fundraising metrics determine the quantity or percentage of resources collected and donated. Subjective measures are formulated when the entire fundraising process is considered as sets of activities such as finding potential donors, developing proposals, and building budgets (Niven, 2003).

This study's NPO meta-analysis indicates that not-for-profit MO does not significantly increase fundraising performance (see Chapter 2). However, for reasons previously discussed, I expect MO to have a positive effect on not-for-profit organisational performance of South African HCPs, especially because market-oriented behaviours of attract financial donations and in-kind contributions from donor groups and individuals.

Hypothesis 12b. The market orientation of South African HIV/AIDS care providers will have a positive effect on fundraising performance.

3.13.3. MAIN EFFECT OF MARKET ORIENTATION ON OVERALL BUSINESS PERFORMANCE

The EM meta-analysis reveals that MO has a positive effect on overall business performance but that its effect is weak compared to the estimated ES obtained from NPO studies and those reported elsewhere (see Table 24). Most studies examining the effect of MO on overall

business performance were conducted in mainland China. They report that customer-centric behaviours have a statistically significant effect on the overall business performance of but that competitor-oriented behaviours have a non-significant positive or negative effect (i.e. Deshpandé & Farley, 1999; Liu, Luo & Shi, 2003; Sin *et al.*, 2000). Chinese are acculturated to act adversely to embarrassing situations or interpersonal conflict; hence, managers avoid confrontation with competition and discourage implementing competitive marketing strategies. Likewise, Chinese as collective emphasise guanxi, a form of trust or relationship building that uses social bonds to deal with competitors.

Rodriguez Cano, Carrillat and Jaramillo's (2004) meta-analysis also reports that the effect is weaker for commercial firms compared to NPOs. They attribute their findings to the fact that NPO have only recently applied the MO concept compared to commercial firms and therefore those that are exceptionally market-oriented will obtain more resources from donors and income from their clients.

Table 24. Meta-Analysis Comparison: Effects of Market Orientation on Overall Business Performance

	Bivariate Effects			Multivariate Effects		
	Total Sample Size	Disattenuated Mean ES	Disattenuated Range	Average Sample Size	Standardised Coefficient	t-value
Rodriguez Cano, Carrillat & Jaramillo (2004) meta-analysis	12,043	.35	.33-.37	--	--	--
Kirca, Jayachandran & Bearden (2005) meta-analysis	12,732	.46	-.08-.79	--	--	--
EM meta-analysis	1,525	.29	.13-.46	--	--	--
NPO meta-analysis	379	.70	.40-.99	--	--	--

While published work on this relationship is absent for the HCP context, I expect MO to have a positive effect on the overall business performance of South African HCP. My hypothesis is grounded other empirical research conducted on EMs and NPOs.

Hypothesis 12c. The market orientation of South African HIV/AIDS care providers will have a positive effect on overall business performance.

3.13.4. MAIN EFFECT OF MARKET ORIENTATION ON THROUGHPUT

Since suitable non-financial measures are challenging to formulate, NPOs have difficulty divulging non-financial quantitative and qualitative data to their donors (Herzlinger, 1996). However, quantitative measures called throughput are easy to evaluate and are often employed by NPOs. This thesis defines throughput as the amount of activities, resources, or capacity that is passing through an organisation. It is employed to evaluate inputs, outputs and outcomes. Input measures provide limited information for decision-making and analysis of actual results (Niven, 2003). Output measures typically include staff time and budgetary resources. Output measures, also known as activity measures, are designed to track the

results of inputs (Niven, 2003). Examples of output measures may involve the number of people served or participated, number of products and services delivered, and units produced by a project (i.e. product) or service. Outcome measures focus on operational rather than strategic goals. They track the benefits received by customers and stakeholders, provide guidance in resource allocation decisions, and enhance accountability.

If crafted in broad terms, throughput measures can act as a panacea for researchers interested in testing not-for-profit performance and remain relevant to a wide range of not-for-profit industries (Niven, 2003). First, the nature of the project or service is to be accounted for. Second, the measures are to be based on objective data. Third, in principle these measures cannot be vague and suggestive. These criteria can be useful in providing information on whether desired results are being achieved. However, given these measures focus on the internal effects on the project (i.e. product) or service, they reveal little about whether the project or service is making a difference.

MO research in HICs has revealed that MO has no influence on unrelated throughput measures. Balabanis, Stables and Phillips (1997) find that donor-orientation does affect the number of volunteers and the change in volunteer numbers in a five-year span. Voss and Voss (2000) fail to find a relationship with not-for-profit theatre MO and attendance attributable to season purchases and single-ticket purchases. Vázquez González and Santos, 2002 (2002) conclude that market-oriented foundations are unable stimulate organisational efficiency, or the proportion of resources allocated to social services activities.

The main study of HCPs measures throughput in terms of number of beneficiaries per staff. I theorise that South African HCPs who are competent in achieving their MO objectives will be able to increase demand from existing and new beneficiaries without needing to increase their staff count. Given that market-oriented South African HCPs resolve beneficiary problems and make an effort to change when necessary, it is hypothesised that:

Hypothesis 12d. The market orientation of South African HIV/AIDS care providers will increase the number of beneficiaries being served per employee or volunteer.

3.14. DIRECT EFFECTS OF TECHNOLOGY ORIENTATION ON ORGANISATIONAL INNOVATION

Firms proficient in technology acquire sophisticated equipment and absorb them into existing systems to build practical solutions and offer new and advanced products. During this process, transactions multiply and relationships intensify with stakeholders in their value chain and end-users and, in the end, technology-oriented businesses evolve faster than the

competition.

3.14.1. MAIN EFFECT OF TECHNOLOGY ORIENTATION ON INNOVATIVENESS

Future-oriented businesses in EMs accept long-term investments and are proactive in R&D (Kitchell, 1995; Prahalad, 2005). They devote their resources and energies to update their technologies and exploit advanced and distinctive applications if necessary (Gao, Zhou & Yim, 2007). The advancement and execution of innovative ideas that deal with identified customer needs, in particular, facilitate technology-based innovations and new product success (Gatignon & Xuereb, 1997; Voss & Voss, 2000).

To my knowledge, researchers have not empirically examined the effects of TO on organisational innovation (or performance) in the NPO industry context. While it may be true to assume that NPOs who employ professional staff and are funded by client fees adopt marketing technologies in order to benefit from cost-advantages, the transfer of technologies such as CRM without adaptation may have adverse effects on not-for-profit structures, work processes, and values. CRM can increase the technical efficiency and management of communications, provide opportunities for wider information exchange across stakeholders, but it may decrease the direct contact and interaction NPOs need to succeed in a competitive environment.

Based on the above rationale, I expect exceptionally technology-oriented South African HCPs to be innovative in their organisations. Therefore, TO and innovativeness are positively related in the South African HCP context.

Hypothesis 13a. The technology orientation of South African HIV/AIDS care providers will have a positive effect on organisational innovativeness.

3.14.2. MAIN EFFECT OF TECHNOLOGY ORIENTATION ON NEW SERVICE DEVELOPMENT

Technology-oriented businesses manufacture mechanically and technically complex and speed up the pace of new product development products (Cooper, 1983; Hamel & Prahalad, 1991). Businesses in EMs that emphasise push strategies such as the adoption of technology are able to drive new product adoption and support the product benefits offered to customers (Batra, 1997).

According to research conducted on Chinese firms, technology-oriented firms develop new products (Gao, Zhou & Yim, 2007). While no research to-date has discussed the effects of TO on new product development in the NPO context, I expect South African HCPs who attach importance to high-tech infrastructure and technological competencies to develop new services. Technology-oriented South African HCPs are much like technology-oriented EM

managers who emphasise push strategies in order to gain more customers. Hence, TO and new service development are positively related.

Hypothesis 13b. The technology orientation of South African HIV/AIDS care providers will have a positive effect on new service development.

3.15. DIRECT EFFECTS OF TECHNOLOGY ORIENTATION ON ORGANISATIONAL PERFORMANCE

Consumers prefer products and services with technological superiority (Gatignon & Xuereb, 1997). Technology-oriented firms create products with innovative features in order to meet the new needs of customers. Offering products to new market segments helps businesses achieve superior organisational performance and competitive advantage in technology leadership (Hamel & Prahalad, 1994).

Technology-oriented firms do not innovate simply to generate or improve products and services. Technology has the capacity to change a firm's production function (Mansfield, 1966); therefore, technology is used to streamline business systems (Parsons, 1991). Businesses use R&D strength and process technologies to minimise inaccuracy and cut costs (Easton & Jarrel, 1998). Therefore, technology-oriented firms are able to obtain cost advantages because TO reinforces a cost-reduction emphasis (Hamel & Prahalad, 1991).

Empirical research suggests that TO has a significantly positive effect on the cost-based performance measure of profitability in China but a non-significant effect on the revenue-based performance measure of sales growth (Gao, Zhou & Yim, 2007). In essence, offering products more efficiently than competitors helps technology-oriented firms in ECMs to achieve superior financial and satisfactory overall business performance.

While the NPO literature has not reported relations between TO and organisational performance, South African HCPs who are driven by cost-reduction strategies take advantage of ICT. They are able to reduce their financial expenditures, attract more donors, and serve more beneficiaries per staff. I base my assumptions on prior studies conducted in EMs.

Hypothesis 14a. The technology orientation of South African HIV/AIDS care providers will have a positive effect on financial performance.

Hypothesis 14b. The technology orientation of South African HIV/AIDS care providers will have a positive effect on fundraising performance.

Hypothesis 14c. The technology orientation of South African HIV/AIDS care providers will have a positive effect on overall business performance.

Hypothesis 14d. The technology orientation of South African HIV/AIDS care providers will increase the number of beneficiaries being served per employee or

volunteer.

3.16. DIRECT EFFECTS OF DONOR RELATIONS ON ORGANISATIONAL PERFORMANCE

The successful implementation of programmes that build and sustain relationships requires a combination of tangible and intangible resources. Empirical research shows that when relationships with customers of considerable economic value are initiated and maintained through technology resources and people skills, perceptual and objective measures of overall business performance, market share and growth, and profitability are significantly impacted (Reinartz, Krafft and Hoyer, 2004).

The marketing literature also suggests that when customers are encouraged to participate in the design of products and services, more valuable customers are retained and new customers attracted; thus, profits and ROI are maximised (Ramani & Kumar, 2008). While my study will be the first to test the effects of DR on organisational performance, I assume that South African HCPs who have implemented relationship-building strategies with donors will generate additional funds, improve their financial and overall business performance objectives, and serve more beneficiaries per HCP. I base my assumptions on empirical research that concludes that customer relationship marketing has a considerable impact on various measures of performance.

Hypothesis 15a. The donor relations of South African HIV/AIDS care providers will have a positive effect on financial performance.

Hypothesis 15b. The donor relations of South African HIV/AIDS care providers will have a positive effect on fundraising performance.

Hypothesis 15c. The donor relations of South African HIV/AIDS care providers will have a positive effect on overall business performance.

Hypothesis 15d. The donor relations of South African HIV/AIDS care providers will increase the number of beneficiaries being served per employee or volunteer.

3.17. EMPIRICAL SUBSTANTIVE MODERATORS

Trends towards rapid globalisation of the marketplace are fundamentally changing the face of marketing, particularly in EMs (Arnold & Quelch, 1998). The integration of the world economy, loosening of trade restrictions and boundaries, repeated investments made and agreements signed between and among countries and MNCs, intense and fierce competition, and advances in telecommunication and information exchange via the explosive power of the Internet are among the determinants erasing old paradigms of marketing management (Quelch, 2002). Therefore, researchers (c.f. Grewal & Tansuhaj, 2001; Kumar, Subramanian

& Yauger, 1998; Slater & Narver, 1994a) are often interested in examining the effects of market factors and macro-environmental forces on the relations of MO.

Market factors and macro-environmental forces act as pure substantive moderators in MO empirical research. Pure substantive moderators are variables that modify (i.e. enhance or diminish) the form of the relationship between the independent and the dependent variables. In other words, the slope of the regression line as represented by the regression coefficient increases or decreases depending on the relationship (Baron & Kenny, 1986). To test pure substantive moderators in empirical research, multiplicative interaction terms are formed.

Researchers adopt unidimensional or multidimensional measures of environmental turbulence to measure the impact of market factors and macro-environmental forces. Environmental turbulence has been characterised as unfamiliar, complex, dynamic hostile, heterogeneous, uncertain, unpredictable, and volatile (Bourgeois, 1985; Covin & Slevin, 1989; Dess & Beard, 1984; Duncan, 1972; Miller, 1987; Souder & Song, 1998). The multidimensional construct of Davis, Morris, and Allen (1991) describes perceived environmental turbulence as the dynamic, threatening, and complex effects of competition, technology, and market growth. In the last few sections of this chapter, hypotheses are put forward that suggest that environment instability and uncertainty are responsible for shifting MO relations in the South African HCP context.

3.17.1. MODERATING ROLE OF REGULATORY TURBULENCE

When the environment becomes relatively complex, instable, or uncertain, decision-makers assess the level of constraint represented by a set of regulations and laws (Dwyer & Welsch, 1985). Regulatory institutions and agencies have the power to enforce laws or set guidelines for conducting business (World Bank, 2006a). New laws or modified policies can stifle business operations or liberate businesses from oppressive practices. Property tax exemptions can be eliminated or put forward. Government funds can be paid or cut off from deserving businesses (La Porta *et al.*, 1998). This study's EM meta-analysis substantiates the moderating role of regulatory dynamics on the relations of MO and its antecedents refer to Chapter 2).

This study will be among the first to first to address the moderating effect of regulatory turbulence on the relations of not-for-profit MO and its antecedents. Since regulatory dynamics greatly influence the implementation of marketing strategies in EMs, I expect extreme changes in the regulatory environment to weaken the positive effects of antecedents on MO. Fundamental shifts in public policy can eclipse the leadership role of HCPs and

introduce uncooperative exchanges across departments, thus impeding market-oriented behaviours. Excessive laws and regulations can weaken the influence of bureaucratic systems that encourage market-oriented practices. Therefore, it is hypothesised that:

Hypothesis 16a: As regulatory turbulence increases, the effects of top management emphasis of market orientation on market orientation will become less positive.

Hypothesis 16b: As regulatory turbulence increases, the effects of top management willingness to take risks on market orientation will become more negative.

Hypothesis 16c: As regulatory turbulence increases, the effects of top management market-oriented reward systems on market orientation will become less positive.

Hypothesis 16d: As regulatory turbulence increases, the effects of centralisation of authority on market orientation will become less positive.

Hypothesis 16e: As regulatory turbulence increases, the effects of formalisation of systems on market orientation will become less positive.

Hypothesis 16f: As regulatory turbulence increases, the effects of interdepartmental connectedness on market orientation will become less positive.

Hypothesis 16g: As regulatory turbulence increases, the effects of interdepartmental conflict on market orientation will become less positive.

3.17.2. MODERATING ROLE OF BENEFICIARY TURBULENCE

Market turbulence is defined as radical change in the composition of customers and their preferences over time. It differs from demand uncertainty, which is the instability of customer preferences and expectations (Gao, Zhou & Yim, 2007). Markets are characterised by varying levels of market turbulence. Depending on the extent of turbulence, the association between MO and performance is enhanced or depressed significantly, as several empirical studies have shown (e.g. Diamantopoulos & Hart, 1993; Hooley *et al.*, 2003; Kumar, Subramanian & Yauger, 1998). When customer needs are stable, a relatively low MO can sustain organisational performance. When instable, high market-oriented levels are essential to maintain high organisational performance.

Economic liberalisation and market-economy trends, which stimulate the entry of foreign brands, are manipulating buyer preferences and traditional values within EMs. The majority of businesses in EMs are unfamiliar with erratic consumer behaviours, possess a limited number of marketing resources and competencies, and/or not primed to meet dynamic consumer needs. This explains why meta-analytic findings support a negative moderating effect of market turbulence in EMs (refer to Chapter 2). “(T)he expenditure used in

revamping marketing operations is very high relative to income in highly turbulent market conditions” (Appiah-Adu, 1998a: 39).

Based on some published evidence and my own experiences in the HCP industry, I expect irregular beneficiary preferences and financial and psychosocial barriers have a considerable negative effect on the MO and organisational performance relationship for South African HCPs. Beneficiaries of HIV/AIDS services in South Africa, particularly HDIs from township and rural communities, may cancel appointments and/or not comply with medical treatments and social service advice deliberately or unwillingly for three plausible reasons. First, they may not have the financial resources to visit their health or social service providers regularly. Second, they would rather not seek advice and treatment given the history of stigma and discrimination during the apartheid era. AIDS-related stigma promotes and fosters social isolation and discrimination against people with HIV/AIDS (Kalichman & Simbayi, 2007). Third, HDIs are known to seek the services of traditional or spiritual healers rather than healthcare professionals in hospitals and clinics (Pronyk *et al.*, 2001). Therefore, I hypothesise that:

Hypothesis 17a: As beneficiary turbulence increases, the effect of market orientation on financial performance will become less positive.

Hypothesis 17b: As beneficiary turbulence increases, the effect of market orientation on overall business performance will become less positive.

3.17.3. MODERATING ROLE OF DONOR TURBULENCE

Changes in organisational outcomes and outputs are explained by sudden shifts in donor giving (i.e. the amount contributed fluctuates from year-to-year). In other words, delays in fund distribution, the steady dwindling of donors, and the changing donor landscape correspond to donor volatility or unreliable behaviour (Nichols, 1989).

Corporations, foundations, government institutions, and philanthropists vacillate in their offerings of monetary and non-monetary resources for three core reasons. First, their altruistic preferences and motivations evolve over time (Sargeant, 1999). Second, donors question the long-term benefits of their relationship before pledging to any long-term financial commitment (Wolf, 1999). Third, agreements are made apprehensively given that alternate offers need to be temporarily ignored. If funds are granted, donors expect continuity and permanence in return. In addition, they need to be assured that not-for-profit promises will be guaranteed and donor expectations will be met.

The South African HCP industry is not unlike other NPO industries in EMs. While these

not-for-profit managers try to gain information on their market environments and carry out strategies to counteract turbulence in their competitive and beneficiary markets, I suspect that market-oriented behaviours will not help them to retain precarious donors. Conversely, DR can help NPO managers to maintain core donor groups and cultivate relationships with new donors during periods of donor turbulence. Therefore, it is hypothesised that:

Hypothesis 18a: As donor turbulence increases, the effect of market orientation on financial performance will become less positive.

Hypothesis 18b: As donor turbulence increases, the effect of market orientation on overall business performance will become less positive.

3.17.4. MODERATING ROLE OF COMPETITIVE INTENSITY

Competitive intensity is the rapid rate in which competitors enter a market and the fierce strategic behaviours that they employ to capture market share. This construct measures the predictability of key competitors' market activities, the frequency of tactics, such as aggregative pricing, product promotions, and high levels of advertisements, and the frequency of competitive moves (Kohli, Jaworski & Kumar, 1993).

If competition is missing, a monopoly may perform well, irrespective of its institution of market-oriented culture. If it is high, customers are able to satisfy their needs and wants relative to the apparent alternatives available in the market. Day and Wensley (1988) suggest that a high degree of competitive intensity mandates a customer focus, while Lusch and Laczniak (1987: 4) argue: "business philosophies with evolutionary potential are selected because they increase the organisation's survival possibilities in the face of increased competition". Market-oriented behaviours, thus, are unavoidable in intensely competitive markets. In addition, firms using a business philosophy other than MO are more likely to lose customers to competition and perform poorly.

A competitive environment does not have a significant moderating effect on the relations between MO and cost- and revenue- based performance measures (see Kirca, Jayachandran & Bearden, 2005 for vote counting technique and review Gao, Zhou and Yim (2007) and Subramanian and Gopalakrishna (2001) support the monotonic effect of competitor orientation on performance, even with extreme levels of competitive intensity. Conversely, Appiah-Adu (1998a) and Singh (2003) found MO has significant positive effects on sales growth and ROI during medium to high levels of competitive intensity.

Local businesses in ECMs have grown accustomed to the local competitive landscape and have learnt to counteract with aggressive marketing strategies and solicit customers

proactively in order to achieve comparative advantage. Private and investor-owned, large or mid-sized firms are particularly more competitor-oriented in large metropolitan cities than government controlled or semi-independent firms (Gopalakrishna & Subramanian, 2003; Sin *et al.*, 2004). However, rapid changes induced by globalisation have forced governments in TEs to become more familiar with market-based institutional structures. In a span of one generation, capitalism among other dynamics has forced governments to deregulate state-owned enterprises (Burgess & Steenkamp, 2006). In addition, governments of TEs have also set up formalised structures to work together with MNCs entering their markets.

Market-oriented not-for-profit hospitals operating in competitive environments also have the ability to strengthen their financial performance (Lonial & Raju, 2001). In order to survive, some compete for human resources and capital from local and foreign donors and others bolster their marketing and public relations campaigns (Andreasen & Kotler, 2003).

Competition for funds is fierce in the Western Cape compared to other South African Provinces with higher HIV/AIDS infection rates. Central government structures and international and local foundations are offering fewer services in the Western Cape. Because Western Cape HCPs commonly replicate their services and beneficiary demand is low, the majority of them will not succeed during times of intense donor competition. However, the adoption of aggressive marketing practices as well as the differentiation of services and creation of innovative marketing methods can elicit the interest of commercial firms with CSI and philanthropists because they encourage novelty, initiative, and alertness. Nevertheless, the majority of HCPs have insufficient investments and resources to plan and execute aggressive strategies and choose to pool resources in order to manage the HIV/AIDS crisis. Hence, it is hypothesised that:

Hypothesis 19a: As competitive intensity increases, the effect of market orientation on financial performance will become less positive.

Hypothesis 19b: As competitive intensity increases, the effect of market orientation on fundraising performance will become less positive.

Hypothesis 19c: As competitive intensity increases, the effect of market orientation on overall business performance will become less positive.

3.17.5. MODERATING ROLE OF TECHNOLOGICAL TURBULENCE

Technological turbulence refers to the rate of technological change or advance within an industry (Calantone *et al.*, 2003; Jaworski & Kohli, 1993). It can be described as the magnitude of change in production, service technology and/or R&D activity (Slater &

Narver, 1994a). Moreover, technological turbulence can stand for technological factors and other dynamics that cause disruptive innovation (Zhou *et al.*, 2005). Conditional on the industry, these factors could include phenomena such as i) the convergence of computing, communications and content, ii) the changing communications landscape, and iii) the rapid advance of production and product technologies.

Rapid technological change can curtail the life cycle of existing products, fragment market segments, shift traditional product market boundaries, disentangle government relations, and increase globalisation of markets (Capon & Glazer, 1987). While it can decrease barriers of communication among employees and departments and help future-oriented firms to gain competitive advantage, rapid technological change can eat into the competitive advantage of inflexible firms (Porter, 1985; Tushman & Anderson, 1986). Hi-tech and scientific volatility can be competency destroying (Weiss & Heide, 1993).

While market-oriented businesses survey markets and experiment with new technologies to remain buoyant under technological uncertainty (Srinivasan, Lilie & Rangaswamy, 2002), it is counterproductive for them to channel scarce resources to become market-oriented during the initial stages of technological turbulence (Kohli & Jaworski, 1990). Market-oriented behaviours may be considerably more advantageous for firms operating in technologically stable environments (Appiah-Adu, 1997; Jaworski & Kohli, 1993).

South Africa is experiencing rapid adoption of technology. According to Deputy Science and Technology Minister Derek Hanekom, "[South Africa's] rate of innovation was well above that of the European average of 42% for 2004" (SouthAfrica.info Reporter, 2007). While NPOs in ECMs have benefited from the shifts in ICT, the potential for production and process technology is imminent for HCPs. A serum-free cell culture medium for the HIV vaccine production process is in the process of being developed (Barnes, 2006). It eliminates all animal-derived components and thus the risk of prion and microbe contamination, improves viral yield, and provides consistently high cell growth through to full-scale production. According to Peter Lowry, Vice President of Immune Response Corporation (IRC), this new serum-free medium will allow safe and consistent whole-inactivated viral vaccines to be manufactured in large quantities under an efficient, economically viable, and reproducible process.

Medical technology in the form of microbicides and vaccines are being tested on thousands of men and women volunteers in South Africa. Microbicides are medical products that release an ingredient that can kill or deactivate HIV cells during sexual intercourse (van Gass, 2006). Multiple trials of a Merck pre-emptive vaccine, which contains copies of three

HIV genes, are also underway. Scientists hope that exposure will prompt an immune response in the body so that cells containing HIV virus would be recognised and destroyed (BBC News International Online, 2007).

The body of knowledge on South African HCPs is in short supply. However, based on evidence that suggests that MO is not advantageous for firms operating in technological turbulent markets, I expect market-oriented HCPs have difficulties in recovering completely during times of technology uncertainty in South Africa. Conversely, market-oriented behaviours will help them in the long-run remain viable as customer and stakeholder perceptions of technology change. Therefore, it is theorised that:

Hypothesis 20a: As technology turbulence increases, the effect of market orientation on financial performance will become less positive.

Hypothesis 20b: As technology turbulence increases, the effect of market orientation on overall business performance will become less positive.

New product adoption may be delayed in EMs due to obstacles such as low market saturation, higher demands on constrained spending power, and limited consumer product knowledge (Burgess, 2007). However, technology-oriented businesses in technology-intense markets draw on their environmental knowledge to guide their actions and introduce innovative strategies and new products in order to continue afloat or even grow (Gao, Zhou & Yim, 2007).

Technology-oriented South African HCPs will remain innovative and create new products irrespective of the rapid flux and change in their technologies. I base my assumption on recent studies conducted on commercial firms in EMs. Thus, it is hypothesised that:

Hypothesis 21a: As technology turbulence increases, the effect of market orientation on innovativeness will not become less positive.

Hypothesis 21b: As technology turbulence increases, the effect of market orientation on new service development will not become less positive.

Gao, Zhou and Kim (2007) suggests Chinese firms leverage technology as a short-term strategy, especially when their industries are experiencing rapid technological change. Resources are better invested in R&D to shape customer preferences and needs or in perfecting operations and production efficiency (Hamel & Prahalad, 1994). In turn, technology-based breakthroughs (i.e. sophisticated medical devices, pharmaceuticals, information databases, etc.) can help firms maximise various business objectives.

Although no substantial evidence from the HCP industry directly supports my theory, I

expect technology-oriented South African HCPs, irrespective of organisational size, to encounter problems in maintaining their cash flow and profits during times of extreme technological turbulence. Small and medium sized technology-oriented NPOs, such as voluntary associations, devise financial budgets to cover their total costs. Their donors' contracts limit them from reallocating capital without consent. Even if they sell services to beneficiaries, voluntary associations are not legally constituted to spend their cash flow at the end of the fiscal year (Department of Welfare and Population Development, 1999). In addition, while South African Section 21 Companies are permitted legally to set aside their investments for emergency funds and long-term projects, because of their cost-based emphasis these NPOs adopt inexpensive technologies much like other businesses in EMs. Therefore, it is hypothesised that:

Hypothesis 22a: As technology turbulence increases, the effect of technology orientation on financial performance will become less positive.

Hypothesis 22b: As technology turbulence increases, the effect of technology orientation on overall business performance will become less positive.

Chapter 3 offered twenty-two hypotheses, based on empirical evidence from prior academic studies, theoretical assumptions and meta-analyses reported in Chapter 2. In Chapter 4 explains the methods to test these hypotheses.

CHAPTER 4 METHODOLOGY

Chapter 4 explains the methods of the main study. I communicate the initial steps (e.g. focus group interviews, scale development, pre-tests and pilot studies) taken to modify existing constructs in order to employ them in the HCP context. I then describe the samples chosen to represent the various respondent groups. Next, I communicate the methods used to collect, capture, and edit the data. At this point, response rates and characteristics of study respondents are reported. Subsequently, I discuss the different methods in assessing reliability, validity, and dimensionality. In the last section, I explain the manner in which partial least squares (PLS) structural modelling was used to test hypotheses.

4.1. FOCUS GROUP DISCUSSIONS

4.1.1. FOCUS GROUP DISCUSSION WITH HIV/AIDS CARE PROVIDERS

I conducted a focus group with industry participants to ascertain the appropriateness and applicability of scale items to be included in my surveys. Seven HCPs who offer healthcare and social services and charity to HIV/AIDS beneficiaries in Cape Town (i.e. Cell-Life, Children's Hospital Trust, GALA, Lifeline/Childline Western Cape, Robben Island Museum, Wola Nani) attended a focus group session at the University Of Cape Town Graduate School of Business (UCT GSB). I moderated the focus group discussion in English. I raised descriptive, semi-structured, and undisguised questions. We discussed questions/topics relating to marketing, technology, and fundraising. I then interpreted large portions of recorded discourse. The responses from discussion facilitated the construction and adaptation of measures assessed in formal surveys.

I formulated thirty structured questions. Table 25 exhibits the short inventory of most pertinent questions examined in the focus group.

4.1.1.1. *PURPOSE OF SOUTH AFRICAN HIV/AIDS NPOS*

Interviewees compared and contrasted commercial firms and NPOs and classified the types of services offered for HIV/AIDS beneficiaries. The majority stated that NPOs and commercial firms have different functions to play in South African society. Those who manage charities and social service organisations grant free or low-cost services to beneficiaries who cannot afford them elsewhere. Interviewees stated that their work is to obliterate poverty and other social concerns and commonly HCPs are driven to work themselves out of a job. Since they feel as if they are stewards of humanitarian causes, HCPs often feel that they merit donations from local and international sources.

While most HIV/AIDS NPOs do not commonly endeavour to make use of alternative ways to sustain them, a minority employ or out-source business professionals with financial acumen to help HCPs devise competitive pricing strategies. Therefore, a more 'business-like' culture is beginning to emerge in South Africa. HCPs transfer profit gained from services to more community projects. They sometimes hire 'special skills' employees who expect competitive remuneration with their NPO's profits.

Interviewees offered their general impressions of HIV/AIDS NPOs in South Africa. The South African community has a sense of awe of HCPs and hence are labelled as brave and amazing 'do-gooders' who have incredible stories. HCPs deal with enormous challenges facing South African society and combating the HIV/AIDS crisis is their main concern. While HCPs are admired, the public is generally not aware of the projects that HIV/AIDS NPOs provide communities.

When disclosing the different types of services offered by HCPs, interviewees explained that support group gatherings, medical care, and counselling to beneficiaries are common services rendered in South Africa. They also reported that training programmes for corporate firms and government institutions were new revenue sources for HCPs.

4.1.1.2. STRATEGIC ORIENTATION

The next set of questions examined the interviewees' perceptions towards marketing. Interviewees offered their impressions of marketers. Interviewees expressed that the South African public has formed a set of beliefs about marketers. Marketers are viewed commonly as telemarketers, salespeople, and advertisers. Marketers are candid individuals and are negatively associated with consumerism.

Then interviewees identified the qualities of a not-for-profit marketer. While all members of an NPO may need to act as marketers, a trained marketing professional is more capable of building the right brand, label, and cause-corporate associations for an NPO. This marketer must be passionate, networked, and engaged with stakeholders and competitors. The NPO marketer needs to be strategic and good at executing projects. She/he is to be comfortable in 'asking' for donations from varied sources. The ideal marketer needs to differentiate products well, understand the industry and environment, and be innovative. Moreover, she/he needs to be compassionate towards clients, which is not essential of a commercial marketer.

Interviewees described their consumer markets and identified stakeholders who strongly influence managerial decisions and practices. HCPs market to local target beneficiaries who

seek services with customers and businesses who buy customised products. HCPs interact with local and international donors and the provincial government. Interviewees agreed that competitors and the environment are important considerations when building NPO marketing plans. Western Cape HCPs are also influenced by the decisions and practices of their internal stakeholders (i.e. board of trustees, board of directors, directors and director designates, managers, employees and marketing departments). However, according to the interviewees the relative influence of stakeholders depends the type of NPO (i.e. voluntary association, Section 21 Company).

Interviewees then tried to define marketing in the context of the NPO industry. Interviewees agreed that marketing is a strategic way for HCPs to find customers and identify their needs. However, a consensus on the definition for a not-for-profit marketing was not achieved. Essentially, the interviewees could not identify the elements of MO before I called attention to each element later in the focus group discussion. It may be possible that the three dimensions of MO did not emerge (i.e. discriminating acquisition of market information and marketing strategy) because HCPs are unsophisticated businesses. This focus group finding confirmed that I may need to adapt the MO scales for the HCP context.

When questions related to MO insight were posed, interviewees noted that human interface is the most important instrument for discovering the vital needs of the community rather than extensive market research. Moreover, marketing promotional tools such as websites, newspaper articles, newsletters, letterheads, business cards, and events were means to offer information, build awareness and publicise their organisations. Interviewees felt that informal research is the key method of generating insight. Open dialogue helps HIV/AIDS NPOs to identify gaps in the market and activities of main competitors and to monitor which services and products that are frequently used. Interviewees felt that formal surveys on customers are rarely employed across HIV/AIDS NPOs.

When questions related to MO intent were put forward, interviewees reported that sensitive information is shared among managers and executives but not other employees or volunteers. For example, an interviewee explained that departmental meetings are forums to discuss (dis)satisfaction of beneficiaries and relay how errors in customer service can be recorded and not repeated. In contrast, public information related to organisational activities and plans and that of competitors is commonly shared organisationwide. Lizel Shepherd of the Children's Hospital Trust further justified that "you never get the sense that you are entirely left out of the conversation of sharing... you have enough information to do your job and never feel like you are in the dark".

Several interviewees expressed that they are at various phases of building marketing plans when discussing their opinions related to MO interaction. While most were in the process of designing marketing plans, others had been implementing them for at least three of years. Those who emphasised the need to carefully implement and monitor marketing strategy were concerned that competitors could take them out of the market if HCPs are not strategically competent.

Interviewees were unable to agree on how HCPs can best respond to beneficiaries. On the one hand, they explained that being under-resourced prevented them to reach all beneficiaries and react to their concerns. On the other hand, interviewees suggested that reacting to competitors was less important than interacting with collaborators.

When discussing the influence in which technology has on their NPOs, interviewees explained departments often push for improved technology. Management often emphasises that technology problems need to be fixed urgently. In addition, the purpose of improved ICT systems helps organisations understand their donors better and communicate with them more effectively.

4.1.1.3. DONOR RELATIONS

Interviewees also tried to differentiate marketing from fundraising. They agreed that marketing is building a platform to ‘ask’ for capital and funds and fundraising is a way to ‘request’ for capital and funds. Consistent with the literature, the focus group research indicated that MO (i.e. primarily toward beneficiaries) and DR should be measured independently. Therefore, a separate scale to measure DR was justified.

The interviewees more specifically explained that HCPs build and cultivate relationships with donor gradually. HCPs continuously work on building new donor interest and a larger supporter base, on promoting their services, and on generating excitement on a particular cause. HCPs target donors based on in-depth research. The interviewees also mentioned that customised proposals are written to commercial firms and foundations for large projects and unsophisticated messages are communicated to philanthropists during annual fundraisers and campaigns.

4.1.1.4. ANTECEDENTS

Interviewees noted that leadership and organisational systems are key antecedents of a not-for-profit MO. Generally, persons of authority are experienced, goal-oriented, and imaginative. While most HCPs have adopted ethical management styles based on professionalism, some employ a punitive leadership style to build a culture of marketing in

their organisations. Jalal Ghassi-Razavi of Cell Life asserts, “most of our leaders are oppressive... (and use) a punitive management style”.

When discussing departments and organisational structures and systems, interviewees mentioned that HIV/AIDS NPOs have on average two to seven departments. Centralised NPOs are often large, but centralisation of authority does not generally impede tasks. HCPs of medium-sized NPOs trust their HCSs and practice a *laissez faire* approach to management. Rather than ‘clock watching’, HCPs of these NPOs expect HCSs to know how to manage their time. Some focus group interviewees felt that the hierarchical organisational structure of their large organisations needs improvement or modification since formalised systems can disempower employees and impede creativity. While interviewees explained that annual bonuses are reward systems for some HIV/AIDS NPOs, HCSs place value on their independence at work and longer lunch hours and summer and winter holidays. Likewise, training on the latest developments on the HIV/AIDS and the methods for counselling and support are other incentives.

The focus group also generated one insight on South African HCPs’ willingness to take risks in their organisations. In essence, South African HCPs are generally suspicious of risky projects or complex behaviours that erode scarce resources.

4.1.1.5. CONSEQUENCES

Interviewees identified key factors that facilitate success in South African NPOs. Organisational integrity, relevance in a community, operational efficiency and effectiveness, quality services and products, accountability to all stakeholders, nurturing of stakeholder relationships, organisational ownership of employees, fair employee remuneration, and stewardship with existing donors were key philosophies or actions expressed.

When satisfaction was being discussed, interviewees mentioned that South African HIV/AIDS beneficiaries rarely voice their displeasure and complaints. Conversely, they found that their international beneficiaries of products express their (dis)satisfaction over emails and the phone.

Interviewees also articulated that they are compassionate marketers because of their strong sense of duty. Interviewees provided a limited number of insights on job satisfaction. HCPs appraise the satisfaction of HCSs once a year. HCPs also encourage HCSs to express their job dissatisfaction informally or formally throughout the year.

When asked how organisations monitor and evaluate their organisations, interviewees recommended several throughput measures. The number of new beneficiaries served, staff

employed, donations made, new projects initiated, services offered, new products developed were put forward with number of publications, website hits, and Google citations.

New insights on financial performance were not gained. However, South African NPOs similar to their counterparts worldwide are interested in balancing their budgets yet are not necessarily interested in generating profits at the end of a fiscal year. Moreover, NPOs monitor their running costs and the cost of each beneficiary quarterly while those that charge fees or sell products estimate their sales figures monthly.

4.1.2. FOCUS GROUP DISCUSSIONS WITH HIV/AIDS CARE SUPPORTERS

I invited twelve income generation volunteers from Monkeybiz, a Western Cape HIV/AIDS NPO, to participate in a focus group in Macassar, a township near Cape Town. I moderated the focus group and the Xhosa-speaking co-director of Monkeybiz translated questions and comments from English to Xhosa to English.

I digitally recorded then interpreted verbal exchanges between participants, translator and myself. The technique of pragmatic translation, which is interested in the accuracy of information but not with other aspects of the original language version, helped address new thoughts and ideas (Brislin, 1980). Table 25 exhibits three questions probed on volunteer attitudes towards job satisfaction.

Table 25. Key Focus Group Questions

Informant Group	Variables of interest	Questions
HIV/AIDS care providers	Market-oriented insight	What does not-for-profit market research mean to your organisation? What type of information do you generate and share across your NPOs? What type of market research do you use?
	Market-oriented intent	Do you use and collect information from customer surveys? Why?
	Market-oriented interaction	How do you respond to and interact with corporate funders?
	Technology orientation	Why is it important to implement technology in your organisation
	Top management emphasis on marketing	How do managers influence their staff to make use of marketing in their organisations?
	Centralisation of authority	How many departments exist in a typical HIV/AIDS NPO? How do centralised systems and structures facilitate not-for-profit marketing?
	Reward systems	How do you evaluate employees and volunteers and their levels of job satisfaction?
	Fundraising performance	What financial and fundraising expectations do you consider on an annual basis?
	Overall business performance	How do you measure not-for-profit success on an annual basis?
	Throughput	How do you measure outcomes, inputs and outputs from your organisation?
HIV/AIDS care supporters	Job satisfaction	Why did you decide to work for Monkeybiz? Do you enjoy working for Monkeybiz? Why? Are you happy with amount of money you get from your beadwork? Why?

The interview with township beadworkers helped identify four main components of self-reported job satisfaction of HCSSs: i) possibility to increase their monetary compensation based on product quality and volume; ii) opportunity to work with women with similar backgrounds; iii) ability to enjoy flexible work schedules; and iv) prospect to gain new skills during training.

4.2. SCALE DEVELOPMENT

The goal of scale construction was to design short scales with good measurement properties. Shortened versions of scales of existing constructs improve predictive ability and reflect the core items of a construct (Steenkamp & Baumgartner, 1995). Shortened scales also reduce cognitive and temporal demands on interviewees, which is an important consideration in EMs due to the lower formal education of consumers and the increased demands on managers (Burgess & Steenkamp, 2006). Because my surveys had detailed instructions and a full range of constructs being tested, shortened scales could help reduce respondent fatigue.

4.2.1. CONSTRUCT ADAPTATION

Constructs introduced in my surveys were not entirely reformulated but adapted scales of existing constructs. Construct adaptation is recommended for well-researched concepts to decrease the effort of meticulous scale reformulation (Netemeyer, Bearden & Sharma, 2003).

I followed conventional cross-cultural research best practice in order to develop scales (van de Vijver & Leung, 1997). I screened then amended original scale items from prior research. I also deleted scale items, which neither measured theoretical definitions appropriately nor presented acceptable validity scores (Netemeyer, Bearden & Sharma, 2003). While mixed-worded Likert formats can obstruct measurement equivalence and construct validity (Wong, Rindfleisch & Burroughs, 2003), I kept some reverse-worded items. I then rephrased some items to account for formal and informal discourse in the focus group discussions and to achieve construct equivalence (Douglas & Nijssen, 2003).

Acquiescence bias (i.e. agreement with all questions) is universal among respondents who possess a polite cultural value orientation, such as survey respondents in EMs (Javeline, 1999). Therefore, respondents were able to answer 'don't know' to every question in the survey to reduce acquiescence bias (Brislin, 1986; Greenleaf, 1992; van de Vijver & Leung, 1997). 'Don't know' responses are valid indicators of the absence of attitudes, beliefs, opinions, or knowledge. Similarly, questions were phrased using 'we' and 'they' rather than 'I' to emphasise professional judgments of informants and control for acquiescence bias across respondent groups (Netemeyer, Bearden & Sharma, 2003).

4.2.1.1. MARKET ORIENTATION CONSTRUCT

The MO construct was theorised as a second-order 3-factor model; however, I made the decision to create a single-factor model. First, a shortened version would make the measurement of MO construct manageable but its multifaceted nature (Bagozzi & Edwards, 1998). Second, the shortened version would reduce its cognitive complexity in the EM

context (Burgess & Steenkamp, 2006). Third, it would lessen respondent fatigue, which is common in organisational research conducted in EMs. This method of adapting the MO scale corresponds to that of Deshpandé and Farley's (1996) method. These researchers developed a short-form 10-item scale of MO for their study in EMs by pooling of 44 items drawn from other well established MO constructs. Their scale exhibited high loadings on the single-factor model with good reliability and low non-response.

Since the goal of scale adaptation was to create a 12 to 15 item shortened scale for use in the current and future research, three steps were followed to measure the three underlying dimensions of MO. First, I compiled 59 items from MO researchers' Kohli and Jaworski, 1990; Narver and Slater, 1992; Ruekert, 1992 along with relationship management and stakeholder orientation researchers. Then, I rephrased or borrowed 21 of these 59 items based on reviewer comments during the pre-test phase of survey construction. Each MO dimension had seven items that were assigned a 5-point Likert scale. A pool twice the size of the final scale suffices, according to market researchers (e.g. De Vellis, 1991). Finally, I conducted a pilot study using a sample of NSOC to assess the psychometric properties of the adapted MO construct. According to Tables 26 to 28, items denoted with an 'X' had high standardised factor loadings during the measurement respecification process for NSOC and HCP samples. The single-factor models of MO were composed of these 'X' denoted items.

In addition, I designed a single item measuring overall MO to cross validate the items of the amended not-for-profit MO construct.

Table 26. Market-Oriented Insight Items vs. Borrowed Scale Items

NSOC ^a	HCP ^a	Revised item	Original dimensions	Borrowed item
X	X	INSIGHT1 We use market research and other reports to improve service quality.	MARKOR intelligence generation Ruekert's (1992) information use	We poll end users at least once a year to assess the quality of our products and services. We often talk with or survey those who can influence our end user's purchases (e.g. retailers, distributors). Our salesforce has information on customers and competitors. In our organisation, market research is used to segment markets.
X	X	INSIGHT2 We produce reports from client data that evaluate service delivery.	MARKOR intelligence generation MKTOR customer orientation	We periodically review our product development efforts to ensure that they are in line with what customers want. We constantly monitor our level of commitment and orientation to serving customers' needs.
	X	INSIGHT3 We monitor organisations that offer similar services, so we can learn from their innovations and mistakes.	MARKOR intelligence generation Ruekert information use	In our business unit, intelligence on our competitors is generated independently by several departments. Our salesforce has information on customers and competitors.
X		INSIGHT4 We seek input from clients during project planning.	MKTOR interfunctional coordination Ruekert's (1992) information use	Our top managers from every function regularly visit our current and prospective customers. We obtain ideas from customers to improve our products. We value our customers input in planning new products. We listen to what our customers have to say.
	X	INSIGHT5 We review not-for-profit trends that influence our industry.	MARKOR intelligence generation	We periodically review the likely effect of changes in our business environment (e.g. regulation) on customers. We collect industry information by informal means (e.g. lunch with industry friends, talks with trade partners).
	X	INSIGHT6 We use surveys or other research to monitor client satisfaction.	MARKOR intelligence generation MKTOR customer orientation Luk <i>et al.</i> 's (2005) customer orientation	In this business unit, we do a lot of in-house market research. We measure customer satisfaction systematically and frequently. Customer satisfaction is assessed systematically and frequently.
X		INSIGHT7 We do not pay much attention to our client needs when designing services.	MARKOR intelligence generation MARKOR intelligence generation Ramani and Kumar's (2008) belief in customer concept	In this business unit, we meet with customers at least once a year to find out what products or services they will need in the future. For one reason or another we tend to ignore changes in our customer's product or service needs. This firm consciously seeks to identify and acquire new customers individually. This firm believes that customers' reactions to marketing action should be observed at the individual customer level.

^aIn this sample, revised items had high standardised factor loadings during the measurement respecification process and were retained in order to measure market orientation

Table 27. Market-Oriented Intent Items vs. Borrowed Scale Items

NSOC ^a	HCP ^a	Revised item	Original dimensions	Borrowed item
	X	INTENT1 Client needs are a very important consideration when we make strategic plans.	MKTOR customer orientation MKTOR Interfunctional coordination	Our business objectives are driven primarily by customer satisfaction. We freely communicate information about our successful and unsuccessful customer experiences across all business functions.
		INTENT2 We consider what we know about potential competitors when we design or plan new projects.	MKTOR competitor orientation MKTOR interfunctional coordination MARKOR intelligence dissemination	Our salespeople regularly share information within our business concerning competitor's strategies Top management regularly discusses competitor's strengths and strategies. A lot of informal "hall talk" in this business unit concerns our competitors. When one department finds out something important about competitors, it is slow to alert other departments.
		INTENT3 We often discuss client service or new project ideas when chatting over lunch or work breaks.	MARKOR intelligence dissemination MKTOR interfunctional coordination	Marketing personnel in our business unit spend time discussing customers. When something important happens to a major customer of market, the whole business unit knows about it within a short period. All of our managers understand how everyone in our business can contribute to creating customer value.
	X	INTENT4 Our activities are well coordinated across the organisation.	MARKOR intelligence dissemination MKTOR interfunctional coordination	There is minimal communication between marketing and manufacturing departments concerning market developments. The activities of the different departments in this business unit are well coordinated. We have interdepartmental meetings at least once a quarter to discuss market trends and developments. All of our business functions (e.g. marketing/sales, manufacturing, R&D, finance/accounting, etc.) are integrated in serving the needs of our target markets.
		INTENT5 No organisation can serve everyone. We focus on clients we can serve better than our competitors.	MKTOR customer orientation MKTOR competitor orientation Ruekert's (1992) strategic development	Our business strategies are driven by our belief about how we can create greater value for customers. We target customers where we have an opportunity for competitive advantage. We develop specific plans for target market segments (groups).
X		INTENT6 At least once a year, we meet to discuss changes in our industry and decide how to respond.	MARKOR intelligence dissemination	Several departments get together periodically to plan a response to changes taking place in our business environment. We have interdepartmental meetings at least once a quarter to discuss market trends and developments.
X	X	INTENT7 We distribute information widely, so managers and employees can decide how to improve service delivery.	MARKOR intelligence dissemination	Our business unit periodically circulates documents (e.g. reports, newsletters) that provide information on our customers. When something important happens to a major customer of market, the whole business unit knows about it within a short period. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.

^aIn this sample, revised items had high standardised factor loadings during the measurement respecification process and were retained in order to measure market orientation

Table 28. Market-Oriented Interaction Items vs. Borrowed Scale Items

NSOC ^a	HCP ^a	Revised item	Original dimensions	Borrowed item
X	X	INTERAC1 We keep our promises to clients.	Ruekert's (1992) strategy implementation	We keep the promises we make to customers. We make sure we deliver on time to take care of customer needs. When we write contracts we make sure we are responding to customer needs.
X		INTERAC2 We are slow to detect changes in our industry.	MARKOR market responsiveness	Several departments get together periodically to plan a response to changes taking place in our business environment. The product lines we sell depend on internal politics than real market needs.
		INTERAC3 We take action if our competitors adopt new strategies.	MKTOR competitor orientation MARKOR market responsiveness	We rapidly respond to competitive actions that threaten us. We are quick to respond to significant changes in our competitors' pricing structures. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.
		INTERAC4 We get clients involved and seek their opinions when we design new services.	MARKOR market responsiveness	The product lines we sell depends on internal politics than real market needs. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.
X	X	INTERAC5 We carefully monitor results when implementing plans, so we can change if clients don't respond like we planned.	MARKOR intelligence generation Ruekert's (1992) strategy implementation	We often talk with or survey those who can influence our end user's purchases (e.g. retailers, distributors). We are slow to detect changes in our customers' product preferences. Our credit policies take customer needs into account.
X	X	INTERAC6 We make a concerted effort to change when our clients are not satisfied with our services.	MARKOR market responsiveness Ruekert's (1992) strategy implementation	When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so. When we find out that customers are unhappy with the quality of our service, we take corrective action immediately. We respond to customer needs in creating terms of sale.
X	X	INTERAC7 We respond to client complaints right away.	MARKOR market responsiveness MKTOR interfunctional coordination	Customer complaints fall on deaf ears in this business unit. We pay close attention to after-sales service.

^aIn this sample, revised items had high standardised factor loadings during the measurement respecification process and were retained in order to measure market orientation

4.2.1.2. *TECHNOLOGY ORIENTATION CONSTRUCT*

I modified Gatignon and Xuereb's (1997) 2-item TO construct (refer to Table 29). I deleted the word 'product' and substituted with 'service'. I replaced 'state-of-the-art' and 'sophisticated' with simple but equivalent phrases. I then adopted a behavioural approach to operationalising the construct.

I also created a single item measuring of technology integration to cross validate amended TO scale items.

4.2.1.3. *DONOR RELATIONS CONSTRUCT*

Consistent with the literature, the focus group discussion with HCPs and pilot study two indicated that MO (i.e. primarily an orientation toward beneficiaries) and DR should be measured independently. Therefore, I was able to justify a separate scale was necessary to measure the unidimensional construct of DR.

Because the DR construct underscores exchange activities crucial for relationship development and cultivation, I amended six items from constructs that measure the firm's capability to manage relationships with customers. I borrowed four items from Reinartz, Krafft and Hoyer (2004) subdimensions of acquiring, retaining, and regaining relationships and two items from Ramani and Kumar's (2008) subdimensions of customer empowerment and interaction response capacity. I also substituted the word 'customers' with 'donors'.

Table 29 shows that items denoted with an 'X' had high standardised factor loadings during the measurement respecification process for NSOC and HCP samples. The single-factor models of DR were composed of these 'X' denoted items.

Table 29. Technology Orientation and Donor Relations Items vs. Borrowed Scale Items

NSOC ^a	HCP ^a	Revised item	Borrowed item	
X	X	TECHORNT1 We are not afraid to use appropriate technologies that boost our service delivery or efficiency.	Gatignon and Xuereb's (1997) technology orientation	Our SBU uses sophisticated technologies in its new product development.
X	X	TECHORNT2 We try to integrate the most advanced technologies that we can afford into new services.	Gatignon and Xuereb's (1997) technology orientation	Our new products are always at the state of the art of the technology.
X	X	DONREL1 We manage our communications with donors in a professional manner consistent with the level of support they can offer.	Reinartz, Krafft and Hoyer's (2004) activities to acquire customers	We have a formal system in place that differentiates targeting of our communications based on the prospect's value.
X	X	DONREL2 Our communication with donors has been appropriate during each stage of our relationship.	Ramani and Kumar's (2008) customer empowerment	This firm encourages customers to participate interactively in designing products and services.
	X	DONREL3 We maintain an interactive two-way communication with donors.	Reinartz, Krafft and Hoyer's (2004) activities to retain customers	We maintain an interactive two-way communication with our customers.
X	X	DONREL4 We introduce systems that record our business transactions with donors.	Ramani and Kumar's (2008) interaction response capacity	This firm has systems in place that record each customer's transactions.
X	X	DONREL5 We employ structures to respond differently to donors with varied expectations.	Reinartz, Krafft and Hoyer's (2004) activities to retain customers	We are structured to optimally respond to groups of customers with different values.
X		DONREL6 We exploit processes to re-establish relationships with donors after periods of inactive communication.	Reinartz, Krafft and Hoyer's (2004) activities to regain customers	We have a systematic process for re-establishing a relationship with valued inactive customers.

^aIn this sample, revised items had high standardised factor loadings during the measurement respecification process and were retained in order to measure technology orientation and donor relations

4.2.1.4. ANTECEDENT CONSTRUCTS

In order to shorten existing antecedent scales, I used items with high standardised factor loadings in MO research conducted in Africa (Kuada & Buatsi, 2005). I either borrowed original scale items from Jaworski and Kohli (1993) or worded them in simplified South African English. To measure leadership, I borrowed four items for top management emphasis and four items for attitudes toward risk. To assess organisational systems, I amended three items for reward systems, three items for centralisation, and four items formalisation. I also adapted interpersonal and intergroup relation antecedents, including four items for interdepartmental conflict and four items for interdepartmental connectedness. These constructs were subjectively measured on a five-point Likert scale (1=strongly disagree to 5=strongly agree).

I used short interval or dichotomous scales to examine business experience and learning systems. I used a 3-point scale of 'less than 1 year', '1 to 2 years', and 'more than 3 years' to measure five items related to the business experience of HCPs. In order to measure organisational age a continuous variable, I asked HCPs to provide the years in which their NPOs were operational. I also asked informants to state whether their NPOs used five learning systems on a 2-point 'yes' or 'no' scale.

4.2.1.5. CUSTOMER CONSEQUENCE CONSTRUCTS

Adhering to the recommendations proposed by Zeithaml, Berry and Parasuraman (1996), I amended the perception scale (SERVPERF) of the SERVQUAL construct (Parasuraman, Zeithaml & Berry, 1988). Beneficiaries were to report their perceptions towards their HCPs. In order to shorten the scale, I borrowed items with high factor loadings from a USA study that compared the SERVQUAL construct across industries (Parasuraman, Berry & Zeithaml, 1991) were retained. I substituted the term 'customers' with the term 'clients' and rephrased formal words for clarity and simplicity. The 15-item multi-dimensional scale measured five dimensions (i.e. two tangibility items, three reliability items, three responsiveness items, four assurance items, three empathy items).

Informants and respondents understand the concepts of customer satisfaction and loyalty; hence, surveys commonly feature these metrics (Gupta & Zeithaml, 2005). I employed scales published in Index of Structural Influence (ISI) rated journals. I borrowed the overall transactional satisfaction measure cited in Fornell *et al.* (1996) and accepted scale items, which assess perceived quality, perceived price, customer expectations of reliability and customisation cited in the American Customer Satisfaction Index (ACSI). I then modified

these items for the sake of cognitive simplicity. In addition, I simplified the five scale items of the customer loyalty construct of Zeithaml, Berry and Parasuraman (1996).

4.2.1.6. EMPLOYEE CONSEQUENCE CONSTRUCT

I used Powpaka's (2006) unidimensional job satisfaction construct which includes seven scale items. The scale was derived from seven dimensions of Churchill, Ford and Walker's (1974) 95-item construct.

4.2.1.7. INNOVATION CONSEQUENCE CONSTRUCTS

For the sake of reducing cognitive complexity, I reworded Hurley and Hult's (1998) innovativeness scale that includes five items. I also reworded five items of Olson, Walker and Ruekert (1995) new product development construct by substituting the word 'product' for 'services'.

4.2.1.8. SUBJECTIVE PERFORMANCE CONSEQUENCE MEASURES

I employed four strategic measures of organisational performance, including subjective financial performance, revenue from services, and cash flow from operations, to assess overall business and financial performance. I worded these measures to evaluate performance improvement in a three-year period. Revenue from services is equivalent to gross income and cash flow from operations is similar to but not identical to net profit.

I assessed these performance measures and all self-reported consequence measures using a 5-point Likert scales (1=strongly disagree to 5=strongly agree). Compared to objective measures, subjective measures are less cognitively demanding and more successfully employed in EMs (Burgess & Steenkamp, 2006).

In order to evaluate changes in not-for-profit donations (i.e. corporate sponsorship, trust and foundation funds, government funds, personal contributions) over a period of three years, I worded subjective fundraising performance. This construct was evaluated with a 3-point interval scale (1=decreased, 2=not changed, 3=increased).

4.2.1.9. OBJECTIVE PERFORMANCE CONSEQUENCE MEASURES

This study assessed objective financial performance using two measures: total annual income and total annual cost. I subtracted two measures to estimate total annual net income. In addition, I divided total annual cost by total annual number of clients to calculate the annual total cost per client. Moreover, I calculated the throughput measure of ratio of annual clients per staff by dividing with throughput measures of total annual number of clients served and total number of staff.

During site visits, I asked managers to accurately report performance based on their

records. In order to encourage response and minimise method bias and method variance (see Ketokivi & Schroeder, 2004), I worded performance questions in such a way that items could be defined objectively but measured subjectively.

4.2.1.10. REGULATORY TURBULENCE CONSTRUCT

Having reviewed literature on international marketing and sales regulations, I devised six new items for regulatory turbulence that were germane to NPO. These items used a five-point Likert scale (1=strongly disagree to 5=strongly agree). Items examined the influence of regulatory restrictions and inefficiencies and other dynamics on NPOs.

4.2.1.11. COMPETITIVE ENVIRONMENT CONSTRUCTS

Beneficiary turbulence, donor turbulence, competitive intensity, and technology turbulence were constructs either devised or amended to evaluate the competitive environment. I used scale items with high factor loadings from previous MO research. I borrowed three items on beneficiary turbulence, four items on competitive intensity and four items on technology turbulence from Jaworski and Kohli (1993)'s scales then reworded them for clarity and simplicity. I devised three additional scale items to capture changes in donor expectations in order to consider for not-for-profit donor dynamics. The constructs were evaluated on a five-point Likert scale (1=strongly disagree to 5=strongly agree).

4.3. MEASUREMENT ASSESSMENT

4.3.1. PRE-TESTS

I performed a series of pre-tests to review and purify the scale items of the 27 constructs and measures. Initially, a UCT GSB research seminar conducted for academic staff and students provided suggestions on survey length, content, and distribution. Subsequently, academics from the UCT Commerce Faculty departments of marketing, organisational psychology, ICT, finance, and higher education learning critically evaluated scale items in the informant survey for content validity. In light of these recommendations, I modified, eliminated, and created new items. Since academic staff evaluated instruments during pre-tests and agreed on all measures before data collection, content validity was achieved (Hardesty & Bearden, 2004). Content validity is the degree to which the properties or characteristics of a theoretical concept in fact is captured by the measure (Bagozzi, 1994: 19). Finally, the face validity of the informant survey, or the practical evaluation of scales for the relevant populations being tested, was assessed with NPO managers (Nevo, 1985). With minor changes instituted, I administered two pilot studies of the informant survey to validate context-specific scales.

4.3.2. PILOT STUDIES

I administered two pilot studies in order to determine the measurement properties of this study's adapted constructs and measures. I analysed responses from the first pilot study to assess the reliability of the DR and SERVQUAL constructs. I also examined responses from the second study to test the validity and reliability of the DR, MO and TO constructs and financial performance measures.

4.3.2.1. PILOT STUDY ONE

The first pilot study employed the snowball nonprobability sampling technique. I emailed an online survey to HCPs of Cape Town HIV/NPOs and they forwarded the survey to their donors and beneficiaries.

Six Cape Town HIV/AIDS NPOs completed online surveys and the responses of various respondents including HCPs, donors, and beneficiaries were merged. The reliability of the DR construct was satisfactory. Two empathy statements were worded in the same way in the SERVQUAL construct, thus causing their identical matrices to not invert in CFA. When one item was dropped, the revised SERVQUAL construct and its five dimensions became reliable. Table 30 displays univariate statistics and reliabilities of summated scales for this online pilot study.

Table 30. Univariate Statistics and Reliability of Summated Scales: Pilot Study One

Variable	Mean	SD	α	N
Donor relations	3.78	.44	.73	29
Service quality	3.65	.75	.93	122
Tangibility	3.10	.82	.82	122
Reliability	3.61	1.11	.82	122
Responsiveness	4.18	.76	.74	122
Assurance	3.60	1.18	.94	122
Empathy	4.04	.72	.73	122

Note: Missing values or 'Don't Know' responses were substituted with imputed data for service quality

4.3.2.2. PILOT STUDY TWO

Managers of not-for-profits serving other customers (NSOCs) (i.e. NPOs that do not provide HIV/AIDS services) were informants studied in the second pilot study. I randomly sampled South African NSOCs, excluding those from the Western Cape. I obtained contact details of 778 NSOCs out 2,053 mutually exclusive NPOs from the PRODDER Directory (SANGONeT, 2006), South African AIDS Directory (Department of Health, 2003), and the People and Projects in Development Directory (Trinco & Valente, 2003). These hardcopy and electronic directories update listings of registered and non-registered development organisations in South Africa. I then contacted NSOCs via email and requested that they complete a short online survey.

Forty-six NSOCs (response rate of 6%) participated in the second pilot study. Table 31

outlines a step-by-step summary of the measurement respecification process for constructs employed in the second pilot study. After two attempts to delete offending items, the MO construct converged for the NSOC sample. A close look at the 21 items in the hypothesised first-order 3-factor structure of MO indicated that four factor loadings were non-significant. After theoretical consideration, I eliminated these items from further investigation because they were confusing or measuring a different concept. Consequently, five more items had insignificant standardised factor loadings or negative residual errors. When I excluded these five items, the revised model at last had good model fit. While RMSEA was above .10, other goodness-of-fit measures paint a positive picture. NNFI and CFI were .90 and .92, respectively; hence, convergent validity was demonstrated.

Table 31. Summary of Measurement Respecification Process: Pilot Study Two

Indicators Deleted	Rationale	Indicators Deleted	Rationale
Not-for-profits serving other customers			
Market orientation		2 nd round	
1 st round			
INSIGHT5	Non-significant factor loading	INSIGHT3	Non-significant factor loading
INTENT1	Non-significant factor loading	INTENT3	Negative residual error
INTENT2	Non-significant factor loading	INTENT4	Non-significant factor loading
INTENT5	Non-significant factor loading	INTERAC3	Non-significant factor loading
Donor relations			
DONREL3	Non-significant residual error		

Table 32 displays univariate statistics and reliabilities of summated scales for the NSOC sample. Reliabilities for MO insight ($\alpha = .72$ and $\rho = .73$) and interaction ($\alpha = .74$ and $\rho = .79$) were acceptable but intent had poor reliability ($\alpha = .52$ and $\rho = .57$). However, the revised unidimensional MO construct was reliable. Cronbach alphas and composite reliability based on standardised items of the unidimensional MO construct were high ($\alpha = .86$ and $\rho = .88$).

Although the reliability of the hypothesised TO construct was satisfactory ($\alpha = .79$ and $\rho = .77$), the DR construct needed to be revised for NSOC sample. The hypothesised first-order structure had an item with a non-significant residual error. When I deleted this item, model fit worsened. CFI was above .80, indicative of acceptable model fit. However, RMSEA was inappropriate due to a small sample size. AVE was generally high for the revised DR construct, which suggests that all items were able to capture the necessary variance for the construct. In addition, the Cronbach alpha and composite reliability of the revised construct were above .70 and corrected item-total correlations were above .50.

In addition, subjective financial performance was reliable with a Cronbach alpha of .88.

Table 32. Univariate Statistics, Reliability and Validity of Summated Scales: Pilot Study Two

Variable	Not-for-profits serving other customers (N=46)				
	Mean	SD	α	ρ_c^d	ρ_v^e
Market orientation	3.96	.65	.86	.88	.41
Insight	3.89	.73	.72	.73	.38
Intent	4.08	.69	.52	.57	.40
Interaction	4.19	.72	.74	.79	.44
Technology orientation	3.95	.90	.79	.77	.63
Donor relations	4.37	.58	.79	.80	.45
Financial performance	3.52	.98	.88	.86	.68
Overall business performance	3.83	.97	--	--	--

* $p < .10$, ** $p < .01$, *** $p < .001$, NS= non-significant

4.4. SAMPLING FRAME

I sampled multiple respondent groups to compare stakeholder attitudes towards a set of constructs. HCPs from the Western Cape who offer healthcare, social, educational, and/or charitable services to beneficiaries (see Table 33) were key informants.

Besides providing access to customers, informants have an organisational role and report often based on their expertise rather than value judgments (Seidler, 1974). After summarising either observed or expected organisational relations, managers generalise patterns of behaviour. However, sources of distortion influence the social judgements of managers about organisation properties (Phillips, 1981). In addition, one type of organisational participant and its non-random selection can introduce systematic measurement error. Therefore, I chose executives (i.e. board members, directors) and managers from different functional areas as study informants.

Table 33. Categories of HIV/AIDS Related Programmes

Healthcare Services	Social and Education Services	Charities
Basic Health Care (serve 50% or more terminally ill patients)	Adult, Youth and Child Hotline	Children's Home
Child Health	Advocacy and Activism	Foster Care
HIV Basic Science Research	Child and Youth Development	Income Generation
HIV Clinical Research	Community Development Research	Poverty Relief
HIV/AIDS Medical Treatment	Community HIV Awareness and Education	Safe Haven
Home Based Care	HIV and STD Counselling	Temporary Places of Safety
Hospice (Palliative and Respite Care)	HIV Care Provider Training and Education	Residence
Reproductive Health	HIV Communication Technology Developers	Trauma, Crime and Rape Response
TB Medical Treatment	Life Skill Training	
	Parent and Family Development	
	Peer Support Counselling	
	Psycho-Social Counselling	
	Rehabilitation	

The most accessible stakeholders of HCPs are employees and volunteers, beneficiaries, and donors. These respondent groups were invited to participate in the study. However, researchers may encounter a set of challenges when accepting responses from non-managerial respondents. Employees may be reluctant to disclose their true perceptions concerning their organisations and/or customers (Podsakoff & Organ, 1986). Customers may describe their personal feelings, opinions, and behaviours regarding the phenomena of interest. Customers particularly from EMs are unfamiliar with survey research (Burgess & Steenkamp, 2006). Conversely, donor respondents may not like to contribute their perceived

assessments of performance and relationship management (Letts, Ryan & Grossman, 1999). Therefore, general response bias (i.e. the deliberate falsification or unconscious misrepresentation of the truth) is common among these respondent groups.

4.5. SURVEYS

I used surveys as the key instruments for this study. To obtain primary data from all informant and respondent groups, four different formats of structured surveys were designed. The survey constructed for HCPs was comprehensive in scope (8 A8 pages). Surveys were shorter (2 A8 pages) for HCSs, donors, and beneficiaries (refer to Appendix C).

The informant survey was organised in 14 sections. Section one briefly introduced the study. In section two, informants were asked to record the types of HIV/AIDS related programmes offered in their organisations, their registration status, the regional areas and provinces in which services are offered, etc. Market- and technology- oriented behaviours, donor relations along with organisational antecedents, organisational consequences were assessed in sections three to eleven. Informants were to evaluate the extent to which the regulatory turbulence and competitive environment dynamics affected their industry context in section twelve. Finally, the last section asked respondents to describe themselves using a set of demographic questions.

The surveys assigned to respondent groups had no more than four sections. The supporter survey asked supporters to report their attitudes towards job satisfaction, beneficiary satisfaction, and beneficiary loyalty. The beneficiary survey asked beneficiaries to express their perceptions of service quality and attitudes towards satisfaction and loyalty. The donor survey asked HIV/AIDS donors to evaluate the extent HCPs are donor-oriented and have fulfilled their performance objectives.

4.6. TRANSLATIONS

I revised scales items from informant surveys for beneficiary, donor, and supporter surveys to assess the personal attitudes and perceptions of these respondents. I then translated these surveys into Afrikaans and Xhosa. These three languages are the most widely spoken languages among South Africans in the Western Cape. I had translators conduct two rounds of back-translation to ensure a faithful or literal translation of the scale items and eliminate translation errors or mistakes (Brislin, 1980; van de Vijver & Leung, 1997).

4.7. DATA COLLECTION AND FIELDWORK PRACTICE

In order to ensure maximum response and minimise research costs, I employed a step-wise procedure to collect data. First, I compiled a directory of 207 HIV/AIDS NPOs in the Western Cape from the PRODDER Directory, South African AIDS Directory, and the People and Projects in Development Directory. Second, I telephoned directors or managers of these NPOS to invite them to participate in the study. In addition, I emailed these informants a letter explaining the purpose of the study (see Appendix C). Subsequently, I supervised the administration of the majority of surveys during site visits in order to decrease respondent errors (i.e. tabulation errors). Occasionally, HCPs completed online surveys. I then asked informant\|s to solicit three beneficiaries and one supporter to complete their surveys. Finally, I emailed one donor per HIV/AIDS NPO an online survey. I also faxed a few donors surveys who then faxed their completed surveys to my office.

The total sample of the main study included 772 respondents. Twenty-three Western Cape NPOs deliberately refused participation. Ninety-seven were no longer operational NPOs or employees were not in their offices during interview dates. Two HCPs commented 'don't know' to more than three constructs. They were eliminated from the final study population. The final sample of 85 informants (response rate of 41%) was representative of Western Cape HCPs due to its heterogeneity in organisational size, organisational age, and geographic area. Table 34 indicates the number of participants who completed according to respondent and informant groups.

Table 34. Frequency of Sample Units

HIV/AIDS care providers	HIV/AIDS care supporters	HIV/AIDS beneficiaries	HIV/AIDS donors
N = 85	N = 193	N = 452	N = 38

4.8. DATA CAPTURING

For thorough data analysis, filing and coding systems (e.g. codebooks for documenting the survey process and maintenance of original surveys) were developed. Data from on-site and online surveys were captured in Microsoft Excel.

4.9. DATA EDITING

In Microsoft Excel, I labelled variables and matched cases for multiple informants and respondents according to the participating HIV/AIDS NPO. After I deleted double entries, data were ready to be imported or read in several software packages including LISREL© 8.53 (Jöreskog & Sörbom, 2005), Smart-PLS 2.0.M3 (Ringle, Wende & Will, 2005), Statistical Package for Social Scientists SPSS© 16.0 (SPSS Inc., 2006), and R© statistical computing (R Development Core Team, 2005).

First, I imported data into SPSS© and set numeric or string assignments, scale categories (i.e. nominal, ordinal, interval), scale values (i.e. 1=strongly disagree), and definitions for all variables. Second, I created out-of-range values with frequencies and description commands and replaced correct values. Next, I recoded reverse-worded items to reflect hypothesised directions. Next, I replaced missing observations with median values. Compared to mean substitution and multiple imputation methods, median substitution does not overestimate extreme data. Finally, I expressed Likert scale data as continuous variables in the PRELIS programme of LISREL©, a structural equations modelling (SEM) software that facilitates model building, precise estimation, assessment of model fit, and model respecification (Jöreskog & Sörbom, 1999).

4.10. DATA ANALYSIS

4.10.1. DESCRIPTIVE STATISTICS

I performed tests of univariate normality, linearity, and heterogeneity on all measures to determine whether data conformed to CFA assumptions. Similarly, I performed t-tests and tests of one-way tests of ANOVA to compare means of various constructs against relevant organisational and respondent characteristics.

4.10.2. RELIABILITY, VALIDITY, AND DIMENSIONALITY

All multi-item measures and constructs were subjected to a series of assessments (i.e. construct reliability and validity, dimensionality) to test multivariate normality. Reliability is the amount of agreement between different independent attempts to measure a theoretical concept (Bagozzi, 1994). Reliability identifies measurement errors that threaten the interpretation of empirical findings. Two types of unique variance are represented by measurement error terms: random error and systematic error (Hair *et al.*, 1998). Random error is score unreliability and systematic error includes common method errors. High systematic error terms are due to heterogeneity of samples (Alden, Steenkamp and Batra, 2006; Deshpandé & Farley, 2004). Validity is the extent in which a measure achieves theoretical and empirical meaning (Bagozzi, 1994). In other words, it demonstrates whether an operationalisation measures the concept it intends to measure (Netemeyer, Bearden & Sharma, 2003). Dimensionality addresses whether items represent an underlying construct or factor (Anderson, Gerbing & Hunter, 1987; Gerbing & Anderson, 1988).

To access construct reliability and validity as well as dimensionality of *a priori* measurement models, the covariance structures method of CFA just-identified recursive path models was used (Jöreskog, 1971) in LISREL© 8.53. CFA has several advantages. CFA

isolates measurement error, by allowing the reliability of measures to be freely estimated (Kenny, 2004). CFA establishes construct validity (i.e. convergent and discriminant) of first-order and second-order measurement models (Steenkamp & van Trijp, 1991). Convergent validity is the degree to which two measures of the same construct are highly correlated. Discriminant validity is the degree that two measures are similar, but conceptually different constructs, are related. Multitrait-multimethod (MTMM) validity between n traits by m methods using SEM, an extension of Campbell and Fiske's (1959) matrix procedure (Kenny, 1976), examines both convergent and discriminant validity. Finally, CFA models can partition variance into trait, method, and error components in squared factor loadings and derive tests for significance of parameters (Phillips, 1981).

Consistent with analyses dealing with organisational- and customer-level theoretical constructs, LISREL's maximum likelihood (ML) estimation specified the number of factors and their corresponding indicator variables. Direct effects (path coefficients) and disturbance variances were set free or constrained based on the hypothesised structural model in Chapter 2. Validity according to statistical significance and magnitude was assessed for each item factor loading. Completely standardised values ranging from .55 to .90 are high factor loadings for covariance matrices of single-factor CFA models (Hair *et al.*, 1998). Factor loadings from completely standardised solutions (λ) of .20 for a sample of 100 validate statistical significance at a 5% confidence level.

There are four reasons for items to be considered for deletion. An item that displays insignificant loading for its intended construct is deleted when necessary due to suspected redundancy. Low λ values threaten unidimensionality and correlated measurement errors are often observed with them (Bagozzi & Yi, 1988). An item is deleted when it shares a large unexplained portion of variance with the error terms of other items. If an item shares common variance with multiple items of other constructs, the decision to drop an item is also warranted. Finally, if an item displays large standardised residuals, it is removed from the construct.

Market researchers employ various heuristics to estimate confirmatory model fit (Marsh, Balla, & McDonald, 1988). Heuristics have been classified as stand-alone, comparative, or parsimony-based fit indices (Hair *et al.*, 1998). I used root-mean-square-error-of-approximation (RMSEA), non-normed fit index (NNFI), comparative fit index (CFI), and expected cross-validation index (ECVI) to assess the 'goodness of fit' of the *a priori* measurement models and simplify the overall model (i.e. measurement and structural).

These heuristics eliminate or reduce unnecessary paths and help assess how well the proposed models approximate the true models (Bollen, 1989; Jöreskog & Sörbom, 1999).

I used stand-alone indices RMSEA and ECVI to estimate the fit of my measurement models since researchers report that Goodness-of-fit index (GFI) is a suboptimal measure of fit (Hu & Bentler, 1999). Estimated with a sufficiently large sample size, RMSEA attempts to correct for the tendency of the chi-square static to reject a model as unacceptable (Steiger, 2000). Values of .05 or less indicate good model fit, values up to .08 represent reasonable errors of approximation, but values over .10 are unacceptable (Browne & Cudeck, 1993). ECVI assesses the likelihood that an estimated model can be validated with similar-sized samples. Although it compares two alternative models, the index does not have a specified range of acceptable values.

NNFI and CFI are comparative or incremental measure of fit. They compare the proposed to another model (Bentler, 1990). They often represent the increase in model fit relative to the 'null' model. Traditionally, the cut-off-value for these two indices is .90. However, a value of .95 or greater has been proposed as ideal (Hu & Bentler, 1999).

To achieve convergence on first-order two-factor measurement models, items need to load high and covary and models need to fit the data at acceptable levels (Hair *et al.*, 1998). Discriminant validity among constructs is achieved when the construct correlation differs significantly from 1.0 at a 90% confidence interval for the correlations (Bagozzi, Yi & Phillips, 1991). Therefore, a perfect correlation between latent variables (LVs) indicates that the constructs are not discriminable. To assess multidimensionality, measurement models that fit first order structures well were then configured as second order structures (Hair *et al.*, 1998). When all factors significantly covaried then multidimensionality was accepted. Multi-dimensional models help researchers avoid specific and random error variances, overcome problems of multicollinearity, explicitly represent the multidimensional construct, and examine convergent validity of the multiple factors.

Composite reliabilities and average variances extracted (AVE) were also computed (Bagozzi & Yi, 1988; Fornell & Larcker, 1981). Composite reliability assesses reliability of individual indicators. It was estimated as one minus the proportion of the observed variance. AVE calculates the amount of variance observed in a construct in relation to the amount of variance due to measurement error. Values of less than .50 indicate that measurement error accounts for a greater amount of variance in the indicators than does the underlying LV.

To determine the degree of interrelatedness among items in a single construct, Cronbach coefficient alpha (Cronbach, 1951) and item-to-total correlations were then calculated in

SPSS. The coefficient alpha of all scales and subscales should ideally exceed .70. The value of the coefficient alpha depends on scale length, average inter-item correlation, and redundancy. Item-to-total reliability computes the individual corrected item-to-total correlations.

To further test validity of scales and determine the difference in respondent dyad judgements and/or perceptions, known-group validity was tested. This validity explains whether a construct has the ability to distinguish between groups of respondents that are different based on varied traits (Netemeyer, Bearden & Sharma, 2003). The known-group validity method of Jarvis and Petty (1996) was employed to compare mean scores of summated scales for different samples.

This study also examined whether social desirability response (SDR) existed in the data. SDR is a form of acquiescence bias that occurs when individuals yearn to make themselves and their organisations look good with respect to cultural norms during the process of answering questions (Paulhus, 1991). It creates variance in measures and can increase correlations between constructs due to a spuriousness effect of shared variance (Mick, 1996). SDR can distort estimates of structural parameters and SEM cannot disattenuate its effect (Jaccard & Wan, 1996). SDR is particularly high in EMs (De Jong *et al.*, 2007).

Alternative measurement models were created to determine if correlated method error exists due to acquiescence bias of Likert-type items. A latent method factor with causal paths leading to a set of reverse-worded, semantically balanced Likert scale items was added to measurement models (Billiet & McClendon, 2000). The latent method factor should theoretically influence each scale item to the same degree; therefore, all paths were constrained to equality. Acquiescence is established when the latent method factor has a nonzero variance that is smaller than the content factor measured by the Likert scale items and the reverse-worded worded items are highly correlated. Not all constructs included reverse-worded items; therefore, alternative measurement models were created exclusively for innovativeness and job satisfaction measures.

4.10.3. PARTIAL LEAST SQUARES STRUCTURAL MODELLING

In general, researchers employ either covariance or variance structural modelling to analyse complex multiple dependence relationships. LISREL is a covariance technique that tests theories of complex relationships. The ML algorithm for estimating factor models, in particular, is based on assumptions of multivariate normality and independence of the observations. The ideal sample size of ML models is 200 and the minimum is 100 (Bollen,

1989). Complex ML models place heavy demands on data and often the LISREL software says that the model may not converge.

Conversely, partial least squares (PLS) is particularly appropriate for predicting variables in complex relationships (Fornell & Bookstein, 1982). It is a variance technique that yields computational results for complex models. In order to eliminate the problem of factor indeterminacy, PLS estimates LV values using weight relations. Predictor specification is the only condition imposed on LVPLS to assure desirable estimation properties (Wold, 1982). However, LVPLS models provide limited information parameter estimates as opposed to covariance structure model estimates, which are full information ML estimates. “(I)ndicators with weaker relationships to related indicators and to the LV are given lower weightings, and those varied weightings are carried through to an assessment of the theoretical estimates” (Chin, Marcolin & Newsted, 2003: 197). Table 35 briefly compares the two techniques.

Table 35. Comparison of PLS and LISREL

PLS	LISREL
Variance structure	Covariance structure
Predictor specification	Multivariate normal distribution and independence of observations
Prediction oriented	Parameter oriented
Consistency-at-large	Parameter oriented
Optimal prediction accuracy	Optimal parameter accuracy
Case values of latent variables are estimated	Factor indeterminacy
Any combination of outward and inward measurement models	Typically outward measurement models

Source: Fornell and Cha (1994: 73)

Although LVPLS estimates have ‘consistency-at-large’ when the sample size is large and there are many MVs, PLS is well suited for small sample sizes (Chin, Marcolin & Newsted, 2003). Researchers also make use of the iterative algorithms of PLS when distributions are far from normal, problems of improper solutions are discovered, and the number of predictors exceeds the number of cases in LISREL.

PLS does not offer goodness-of-fit measures. Alternatively, structural prediction, redundancy, AVE, and composite reliability are fit indices that consider the predictive relevance of a model (Lohmoller, 1989). Structural prediction (R^2) measures how well the independent MV predicts its dependent LV (Hulland, 1999). Redundancy (F^2) is the average variance of the set of MVs as explained by dependent LVs. AVE measures discriminant validity.

I tested hypothesised and revised structural relations simultaneously using the PLS structural modelling approach since the HCP sample was too small. LVPLS was executed in Smart-PLS (Ringle, Wende & Will, 2005) in the following way. I specified reflective measurement models because manifest variables (MV) are designed to mirror their underlying LVs (Fornell & Bookstein, 1982). In order to avoid computational errors, which

weaken correlations among variables, the PLS algorithm was set to standardised MVs to a mean of zero and a variance of one. I employed the approximate models option of path weighting, where a LV is estimated to be the best predictable variable of predictors and the best predictor of the subsequent dependent variables (Fornell & Cha, 1994). In order to yield the best values for path coefficients, the PLS algorithm was set to perform 1000 iterative estimations. The bootstrapping function, where 1000 samples were imputed using half of the cases, calculated standard errors and t-values.

Four PLS models tested the significance and direction of direct effects in the hypothesised model. The first model tested the effects of MO, TO, and DR on identified consequences and the effects of identified antecedents on MO. The second model tested the effect of organisational experience on MO. The third and fourth models tested the effects of MO, TO, and DR on objective measures of performance and throughput.

Six PLS models tested the significance and direction of moderated effects in the hypothesised model. The PLS product-indicator approach was employed (Chin, Marcolin & Newsted, 2003). Standardised path coefficients for product indicators, moderators and interaction estimates were calculated. By multiplying all possible products from the sets of indicators and moderators, interaction estimates are developed.

One model examined the role of regulatory turbulence on the relations of MO and its antecedents. Five models tested the role of the competitive environment and technology turbulence on the relations of MO and TO and performance (i.e. single-item subjective measures), innovativeness, and new service development. In addition, two-dimensional plots were devised to illustrate the interactions between independent and dependent variables at either extreme of moderation.

Finally, the significance and direction of mediated effects was tested using two revised models. The first model tested the mediating role of DR and TO on the MO-performance relationship. The second examined the mediating role of customer, employee, and innovation consequences on the MO-performance relationship.

Chapter 4 explained the various tools necessary for designing and evaluating psychometric measures and testing to complex predictive relationships of these measures. Chapter 5 reports the key responses of focus group interviews and the univariate and multivariate analytical findings of the study.

CHAPTER 5 FINDINGS

Chapter 5 reveals the main findings of the thesis. I first report descriptive statistics and univariate findings, then impart the psychometric properties of constructs and measures and finally summarise the direct and indirect effects and fit indices for hypothesised and revised models. I also present the findings in detail using tables and figures.

5.1. MAIN STUDY'S DESCRIPTIVE STATISTICS AND UNIVARIATE FINDINGS

5.1.1. FREQUENCY TABLES

5.1.1.1. ORGANISATIONAL CHARACTERISTICS

Tables 36 to 38 differentiate HIV/AIDS NPOs of HCPs who were administered surveys in the Western Cape. Table 36 reveals that HCPs deliver services in the Western Cape (99%) as well as other South African provinces.

Table 36. South African Province Comparisons

Province	HIV/AIDS NPOs		Province	HIV/AIDS NPOs	
	No.	%		No.	%
Eastern Cape	22	26%	Mpumalanga	10	12%
Free State	8	9%	Northern Cape	15	18%
Gauteng	19	22%	North West	10	12%
Kwazulu-Natal	15	18%	Western Cape	84	99%
Limpopo	13	15%			

Note: Multiple counts are reported for some NPOs.

Table 37 shows that HCPs serve beneficiaries across geographic areas. However, most of these managers work in urban areas (>56%).

Table 37. Geographic Area Comparisons

Urban		Suburban		Township		Rural	
HIV/AIDS NPOs		HIV/AIDS NPOs		HIV/AIDS NPOs		HIV/AIDS NPOs	
No.	%	No.	%	No.	%	No.	%
48	56%	28	33%	60	71%	44	52%

Note: Multiple counts are reported for some NPOs.

Table 38 reveals that 47% of the HCPs had their headquarters in urban areas.

Table 38. Geographic Area Comparisons: HIV/AIDS NPO Headquarters

Urban		Suburban		Township	
No.	%	No.	%	No.	%
40	47%	33	39%	12	14%

According to Table 39, fifty-two (62%) HIV/AIDS NPOs serve 21 beneficiaries for every internal stakeholder employed, contracted, and/or volunteering.

Table 39. Organisation Profile of HIV/AIDS NPOs

Ratio of clients per internal stakeholder	No.	%
Ratio < 20:1	30	35%
21:1 < Ratio > 60:1	21	25%
61:1 < Ratio	31	37%
Missing data	3	3%

Tables 40 to 43 demarcate the frequency of services delivered to beneficiaries. More than 40% of HIV/AIDS organisations offer social and educational services. Most healthcare

NPOs offer TB treatment and home-based care (HBC). Social and education service agencies commonly provide HIV awareness, HIV counselling, and youth and child development. Charities give their communities opportunities of economic empowerment through income generation projects.

Table 40. Not-profit Industry Context Comparisons

Healthcare Services		Social and Education Services		Charities	
No.	%	No.	%	No.	%
25	29%	38	45%	22	26%

Table 41. Comparison of HIV/AIDS Healthcare Offerings

Health Clinic		HIV Treatment		TB Treatment		Hospice		HBC	
No.	%	No.	%	No.	%	No.	%	No.	%
7	8%	4	5%	20	24%	6	7%	16	19%
Reproductive Health		Child Health		HIV Clinical Research		HIV Science Research			
No.	%	No.	%	No.	%	No.	%		
2	3%	8	11%	4	5%	2	2%		

Table 42. Comparisons of HIV/AIDS Social and Education Offerings

Psycho-Social Counselling		Peer Support		HIV Counselling		Training	
No.	%	No.	%	No.	%	No.	%
3	4%	10	12%	21	25%	17	20%
HIV Awareness		Hotline		HIV Communication Technology		Parent Development	
No.	%	No.	%	No.	%	No.	%
37	44%	7	8%	2	2%	15	16%
Youth and Child Development		Life Skills		Advocacy		Social Services Research	
No.	%	No.	%	No.	%	No.	%
29	34%	29	34%	4	5%	4	5%

Table 43. Comparisons of HIV/AIDS Charity Offerings

Poverty Relief		Income Generation		Children Home		Foster Care	
No.	%	No.	%	No.	%	No.	%
11	13%	28	33%	3	4%	6	7%
Place of Safety		Shelter		Trauma Response			
No.	%	No.	%	No.	%		
8	9%	15	18%	12	14%		

Table 44 shows that 32% of HIV/AIDS NPOs were faith-based organisations (FBOs).

Table 44. Faith Affiliation Comparisons

Faith based organisation		Secular not-for-profit	
No.	%	No.	%
27	32%	58	68%

Table 45 demonstrates that for the most part HIV/AIDS NPOs charge prices or fees for their services.

Table 45. Price or Fee Comparisons

Never		Sometimes		Always	
No.	%	No.	%	No.	%
21	25%	43	40%	30	35%

Table 46 further reports that most HIV/AIDS NPOs offer services to end-users rather businesses.

Table 46. Business Model Comparisons

Direct to Consumer		Business to Business	
No.	%	No.	%
80	94%	5	6%

Tables 47 to 48 illustrate the length of experiences of NPOs and their HCPs. The majority of NPOs and their directors and chairpersons have at least three years of experience with HIV projects. While 80% of HCPs have worked in their current NPOs for more than three years, only 59% of HIV/AIDS NPOs have employed marketing for more than three years.

Table 47. HIV Experience Comparisons

	NPO with HIV Experience		Director with HIV Experience		Chairperson with HIV Experience	
	No.	%	No.	%	No.	%
> 1 year	3	4%	11	13%	14	16%
1 to 2 years	4	5%	8	9%	8	9%
3 or more years	76	89%	58	63%	59	69%
Don't know	2	2%	3	4%	4	5%

Table 48. NPO and Marketing Experience Comparisons

	Executive's term in current NPO		Marketing experience of NPO	
	No.	%	No.	%
> 1 year	6	7%	11	13%
1 to 2 years	11	13%	8	9%
3 or more years	68	80%	50	59%
Don't know	--	--	6	7%

Table 49 uncovers that 49% of HIV/AIDS NPOs employ or contract marketers. However, fundraising (71%) and accountancy (81%) are common areas of expertise.

Table 49. Comparison of Positions Occupied

Information Communication and Technology		Marketing or Sales		PR or Communications	
No.	%	No.	%	No.	%
23	27%	42	49%	52	61%
Fundraising		Accounting or Finance			
No.	%	No.	%		
60	71%	69	81%		

Table 50 concludes that customer satisfaction research, performance reviews, and business scenario planning are the most prevalent learning systems employed in these NPOs.

Table 50. Comparison of Learning Systems Employed

Customer Satisfaction Research		Advertising Pre-test or Trials		Sales and Inventory Tracking Systems		Performance Reviews		Business Scenario Planning	
No.	%	No.	%	No.	%	No.	%	No.	%
62	72%	24	28%	47	55%	69	81%	68	80%

Moreover, Table 51 shows that 82% of HCPs are moderately experienced in marketing and 77% of HCPs are moderately competent in technology.

Table 51. Management Competency Comparisons

	Marketing Competencies		Technology Competencies	
	No.	%	No.	%
Not developed competency	9	11%	10	12%
Competency needs improvement	70	82%	66	77%
Superior competency in practice	6	7%	9	11%

5.1.2. RESPONDENT CHARACTERISTICS

Table 52 shows that the majority of respondents (i.e. 81% HCPs, 95% HCSs, 89% beneficiaries, 63% donors) were South African.

Table 52. Country-of-Origin Comparisons: HIV/AIDS NPOs and Customers

	South African		Other African		British		German		United States		Other		Not reported	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
HIV/AIDS care providers	69	81%	4	5%	4	5%	5	6%	2	2%	1	1%	-	-
HIV/AIDS care supporters	183	95%	-	-	2	1%	3	2%	2	1%	1	<1%	2	1%
HIV/AIDS beneficiaries	400	89%	38	8%	-	-	-	-	-	-	4	<1%	8	2%
HIV/AIDS donors	24	63%	-	-	5	13%	2	6%	4	10%	2	5%	1	3%

Table 53 suggests that black, coloured, and white HCPs and HCSs equally participated in the study. Beneficiary respondents were mainly black (39%) and coloured (43%). Donors were mainly white (53%) and coloured (29%).

Table 53. Race Comparisons: HIV/AIDS NPOs and Customers

	Black		Coloured		Indian		White		Not reported	
	No.	%	No.	%	No.	%	No.	%	No.	%
HIV/AIDS care providers	20	24%	38	33%	2	<1%	30	36%	-	-
HIV/AIDS care supporters	63	33%	77	39%	6	3%	43	22%	4	2%
HIV/AIDS beneficiaries	178	39%	191	43%	9	2%	54	12%	20	4%
HIV/AIDS donors	2	5%	29	26%	3	8%	20	53%	2	5%

According to Table 54, at least 90% of HCPs and their donors are college or university educated. Conversely, at least 50% of HCSs and beneficiaries have never acquired or accessed education or achieved beyond a matric diploma.

Table 54. Education Comparisons: HIV/AIDS NPOs and Customers

	Formal education not completed		Matric Diploma		College Diploma		University Degree		Post-Graduate Degree		Other		Not reported	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
HIV/AIDS care providers	3	<1%	5	<1%	26	31%	26	31%	21	25%	4	5%	-	-
HIV/AIDS care supporters	46	24%	52	27%	45	23%	22	11%	21	11%	7	4%	1	<1%
HIV/AIDS beneficiaries	229	51%	115	25%	53	12%	20	4%	15	3%	7	<2%	13	3%
HIV/AIDS donors	-	-	-	-	8	21%	17	45%	13	34%	-	-	-	-

5.1.3. NORMALITY TESTS

Tables 88 to 90 (refer to Appendix C) display univariate statistics and univariate normality test scores. Means of items for the three strategic orientations and nine consequences were commonly greater than 3.30. However, antecedent scores, except those for interdepartmental connectedness, centred around 3.00. Standard deviations for a bulk of items were above 1.00. However, the one sample T-test results for five-point Likert scales proved significant ($p < .05$). High t-values signify that differences do exist between the means of the population from which the sample was drawn and the hypothesised means.

Substantial differences in normality were discovered across some samples. Scores for many scale items were negatively skewed, or clustered to the right (high) end of scales. Negative skewness is a common problem in marketing science (Billiet & McClendon, 2000). Negative skewness is suggestive of acquiescent response bias. This type of bias occurs when respondents agree with an item irrespective of the item's content.

Some scale items had positive kurtosis ($p > .05$), suggestive of rather peaked distributions. In the same constructs, other items were relatively flat in distribution as symptomatic of negative kurtosis ($p > .05$). Kurtosis can result in an underestimation of variance with small samples (Tabachnick & Fidell, 2001). To curtail these problems, variables with significant kurtosis and skewness were deleted during validity and reliability testing.

5.1.4. LINEARITY TESTS

Tables 93 to 95 (refer to Appendix C) display inter-item correlations (i.e. bivariate Pearson product moment) for MO, DR, and service quality constructs. While many independent measures of these constructs were highly correlated, convergent validity was not achieved for overall three constructs.

Some correlations across market-oriented dimensions were negative and insignificant but the insight subdimension of MO had the highest correlations among items. Weak correlations for intent and interaction dimensions may be due to the operationalisation of the construct or the lack of market competencies across South African NPOs. Further examination of the DR construct suggests that the DONREL5 and DONREL6 had low and insignificant correlations. A careful analysis of the SERVQUAL construct provides evidence that TANG1 is the offending item, since it lowers several links across the construct and causes the association of TANG1 with EMPATH2 to be insignificant.

5.1.5. HETEROGENEITY TESTS

The causes of kurtosis in the MO and SERVQUAL constructs were assessed with tests of heterogeneity.

5.1.5.1. MARKET ORIENTATION

One-way ANOVA tests detected differences in group means for HCP-reported MO across mainly four organisational characteristics (i.e. HQ location, NPO type, faith-based, fee) and two respondent characteristics (i.e. race, education) (see Table 96).

HCPs working in urban areas report the highest market-oriented behaviours (i.e. INSIGHT6, INTENT1, INTERAC5) (see Table 97). In addition, healthcare providers communicate high market-oriented behaviours (i.e. INSIGHT1, INSIGHT3, INTENT7, INTERAC6) while charities report the lowest. Compared to secular HCPs, FBOs report the lowest market-oriented behaviours (i.e. INSIGHT1, INSIGHT2, INSIGHT3, INSIGHT5, INSIGHT6, INTENT2, INTENT3, INTERAC3, INTERAC5, INTERAC6). HCPs who always charge a fee or price report high market-oriented behaviours (i.e. INSIGHT3, INSIGHT5, INSIGHT6, INTENT7, INTERAC1, INTERAC2, INTERAC5, INTERAC7); whereas those who never charge fees report the lowest.

5.1.5.2. SERVICE QUALITY

One-way ANOVA tests detect differences in group means for HIV/AIDS beneficiary perceptions of SERVQUAL of organisational characteristics (i.e. NPO type) and respondent characteristic (i.e. race) (see Table 98).

Compared to other HCPs, social service providers are perceived as more reliable, safe, and attentive (i.e. RELIAB1, RELIAB2, RELIAB3, RESPONS2, ASSUR2, EMPATH1) (see Table 99). South Africans, compared to other Africans, identify their HCPs as being more reliable (i.e. RELIAB1, RELIAB3). White and black beneficiaries recognise their HCPs as being less reliable, responsive, safe, and empathic (i.e. RELIAB3, RESPONS1, RESPONS2, RESPONS3, ASSUR2, ASSUR3, EMPATH2, EMPATH3) whereas Indian beneficiaries have opposing perceptions of their HCPs.

5.2. MAIN STUDY'S MEASUREMENT MODEL FINDINGS

Table 55 outlines a step-by-step summary of the measurement respecification process for constructs employed in the four surveys. Tables 56 and 57 summarise the reliability and validity scores for the revised and hypothesised constructs. Table 58 provides model fit indices for measurement models.

5.2.1. CONVERGENT VALIDITY OF MARKET ORIENTATION

It took two rounds of item elimination for the MO construct to converge for the HCP sample. Four insignificant or negative standardised factor loadings were found in the hypothesised MO construct. When these inferior items were dropped from their common factors, CFI and NNFI vastly improved. In order to achieve a better model fit and retain 12 items for the

revised MO construct, four subsequent items with low standardised factor loadings ($\lambda < .43$) were dropped. CFI and NNFI were above .94 and RMSEA was .094. However, $\chi^2 (51) = 92.07, p < .001$; therefore, the hypothesis of perfectly correlated factors must be rejected.

An examination of the average variance extracted (AVE) established that intent and interaction had relatively weak indicators; therefore, items could not capture the necessary variance for their factors. Therefore, the revised MO construct rather than its sub-dimensions were used to test predictive effects in PLS structural models.

5.2.2. MULTIDIMENSIONALITY OF MARKET ORIENTATION

Different models for one and three factors were assessed with the aim of comparing unidimensional and multidimensional models of the MO scale (Kohli, Jaworski & Kumar, 1993; Han, Kim & Srivastava, 1998). The differences between statistical values of ECVI need to be significant in order to consider one model superior to another (Browne & Cudeck, 1993). The multi-dimensional second-order three-factor structure of MO had one factor loading less than .50 and poor model fit using the HCP sample (refer to Table 58). ECVI for the two models did not overlap. However, goodness of fit measures improved for the unidimensional model and each item was saturated onto its factor.

5.2.3. RELIABILITY OF MARKET ORIENTATION

The three MO dimensions were not all reliable for the HCP sample. Reliabilities for insight were high ($\alpha = .99$ and $\rho = .99$). Intent had poor reliabilities ($\alpha = .43$ and $\rho = .69$). Interaction had acceptable reliabilities ($\alpha = .68$ and $\rho = .70$). Corrected item-total correlations for all market-oriented items were statistically significant at 90% a confidence level. Conversely, the revised unidimensional MO construct was reliable for the HCP sample ($\alpha = .87$ and $\rho = .95$).

5.2.4. VALIDITY AND RELIABILITY OF TECHNOLOGY ORIENTATION

The AVE of technology orientation was below .50 for the HCP sample. This finding suggests that the two items did not capture the necessary variance for the construct. Moreover, the hypothesised TO construct was not reliable for the HCP sample ($\alpha = .62$ and $\rho = .62$).

5.2.5. DISCRIMINANT VALIDITY OF MARKET- AND TECHNOLOGY- ORIENTATIONS

The discriminant validity of market-oriented dimensions was investigated with respect to technology orientation. A 90% confidence interval for the four LVs was constructed. The correlations between the factors were below .60 and confidence intervals did not include 1.0; thus, the two strategic orientation constructs are distinct.

5.2.6. VALIDITY AND RELIABILITY OF DONOR RELATIONS

The DR construct was revised for HCP and HIV/AIDS donor samples. One item with a non-significant standardised factor loading was dropped using the HCP sample. The value for RMSEA did not improve dramatically. However, other fit indices, as illustrated in Table 58, suggest that the revised construct has good model fit. Moreover, when one item was omitted in the hypothesised first-order structure using donor data, the model had excellent fit. NNFI and CFI were above .94 and RMSEA was below 1.0.

AVE was generally high for both samples, which suggest that all items were able to capture the necessary variance for the construct.

The revised DR construct was reliable for the HCP, and donor samples. Table 56 reports the high reliability scores for the revised construct. Cronbach alphas and composite reliabilities were above .70 and corrected item-total correlations were above .50 across the datasets.

5.2.7. DISCRIMINANT VALIDITY OF MARKET ORIENTATION AND DONOR RELATIONS

The discriminant validity of market-oriented dimensions was investigated with respect to donor relations. A 90% confidence interval for the four LVs was constructed. The correlations between the factors were below .65 and confidence intervals did not include 1.0; thus, the two strategic orientation constructs are distinct but related.

5.2.8. CONVERGENT AND DISCRIMINANT VALIDITY OF ANTECEDENTS

The convergent validity of each market-oriented antecedent was tested for three separate first-order models (refer to Table 58 for a summary of model fit indices). The first-order 2-factor hypothesised structure of leadership showed that the standardised residual of MGTEM1 was unacceptable. However, MGTEM2 was deleted since MGTEM1 correlated with the other two items better than MGTEM2 did. The revised model had good model fit.

The hypothesised 3-factor model for organisational systems was not constructed given that the market-based reward system construct did not have significant inter-item correlations. When a 2-factor model for organisational systems using centralisation and formalisation items was devised, FORM3 and FORM4 had low factor loadings and FORM2 had an insignificant residual error. After FORM3 and FORM4 were dropped, fit indices improved for the revised model.

The hypothesised first-order 2-factor structure for interpersonal and intergroup relations had good model fit according to Table 58.

Discriminant validity was assessed for all three 2-factor models. A 90% confidence

interval was constructed between the LVs. None of the confidence intervals included 1.0. Hence, antecedent constructs were operationally distinct.

5.2.9. RELIABILITY OF ANTECEDENTS

Attitudes towards risk, centralisation, and interdepartmental connectedness were reliable according to Cronbach alpha and composite reliability. However, management emphasis, reward systems, formalisation, and interdepartmental conflict did not achieve acceptable levels of Cronbach alpha.

5.2.10. MULTIDIMENSIONALITY OF SERVICE QUALITY

The service quality construct, using the beneficiary sample, fit its hypothesised second-order five-factor structure well. Goodness-of-fit indices explain an excellent fit: $\chi^2(51) = 268.29$, $p < .01$, NNFI = .97, CFI = .98; thus, the SERVQUAL construct was indeed multidimensional.

5.2.11. CONVERGENT AND DISCRIMINANT VALIDITY OF CUSTOMER CONSEQUENCES

Since 40% of HIV/AIDS NPOs sampled do not charge fees or prices, FEESAT was not included in the hypothesised customer satisfaction construct. The revised first-order 2-factor model for beneficiary satisfaction and loyalty had excellent model fit [HCP sample: $\chi^2(26) = 43.54$ ($p < .017$), NNFI = .96, CFI = .97; HCS sample: $\chi^2(26) = 86.36$ ($p < .001$), NNFI = .91, CFI = .93; beneficiary sample $\chi^2(26) = 85.14$ ($p < .001$), NNFI = .96, CFI = .97].

Discriminant validity was assessed for the two-factor model of beneficiary satisfaction and beneficiary loyalty using the HCP and HCS samples. The 90% confidence interval constructed between the LVs did not include 1.0. Hence, that the two customer consequences are somewhat related but not identical.

A good model solution was achieved for the second-order seven-factor customer consequences model using the beneficiary sample: $\chi^2(245) = 658.55$, $p < .01$; NNFI = .98; CFI = .98; RMSEA = .061. Discriminant validity was then assessed for this second-order measurement model. The 90% confidence interval constructed between the beneficiary satisfaction, beneficiary loyalty, and the five factors of service quality did not include 1.0. Hence, the three customer consequence constructs are operationally different.

5.2.12. RELIABILITY OF CUSTOMER CONSEQUENCES

The revised customer satisfaction construct was unreliable for HCP and HCS samples. However, this measure was very reliable for their beneficiaries, which may be attributed to its large sample size. The loyalty construct for all three samples had high Cronbach alphas and composite reliabilities. The same was confirmed for the service quality construct and its

factors.

5.2.13. CONVERGENT VALIDITY OF JOB SATISFACTION

The hypothesised first-order one-factor model for job satisfaction had poor model fit for HCP and HCS samples. When the insignificant standardised factor loading of JOBSAT4 was omitted, the revised model improved but still its fit was still not acceptable.

AVEs were also below .50, which means that items did not capture the necessary variance for the construct.

5.2.14. COMMON METHODS VARIANCE OF JOB SATISFACTION

A reasonably small method factor was discovered for job satisfaction when common methods variance was tested. The correlation among quasi-oppositely worded statements and factor loadings were significant ($\lambda > .07$, $p < .10$). Hence, correlated errors attenuate the true relations for job satisfaction and acquiescence bias is present for HCP and HCS samples.

5.2.15. RELIABILITY OF JOB SATISFACTION

The revised job satisfaction construct was unreliable for HCP and HCS samples. Cronbach alphas and composite reliabilities were low.

5.2.16. CONVERGENT AND DISCRIMINANT VALIDITY OF ORGANISATIONAL INNOVATION

Standardised factor loadings were high for innovativeness ($.79 > \lambda < .57$) and not too low ($.46 > \lambda < .53$) for new service development. The new service development measure had one negative standardised factor loading in the hypothesised two-factor model for organisational innovation. The offending item was dropped from its factor and the fit of the revised 2-factor model improved. NNFI and CFI were .89 and .92, respectively and the value for RMSEA at .082. Satisfactory but not excellent goodness-of-fit for the second-order model was achieved for the innovativeness: $\chi^2(26) = 42.28$, $p = .023$.

Discriminant validity was assessed for the two-factor model of innovativeness and new service development. The 90% confidence interval constructed between the LVs did not include 1.0. Hence, that the two innovation consequences are somewhat related but not identical.

5.2.17. RELIABILITY OF ORGANISATIONAL INNOVATION

The Cronbach alpha and composite reliability of the innovativeness measure were above .70, but the new service development measure was below .60.

5.2.18. COMMON METHODS VARIANCE OF INNOVATIVENESS

A method factor was revealed when common methods variance was tested for

innovativeness. Standardised factor loadings of quasi-oppositely worded statements were high ($\lambda = .22$, $p < .10$). It can be inferred that the true relations for innovativeness are attenuated for the HCP sample.

5.2.19. DISCRIMINANT VALIDITY OF ORGANISATIONAL PERFORMANCE

The hypothesised two-factor model for organisational performance had good model fit; however, FUNDPERF3 had a low standardised factor loading ($\lambda = .19$). When the offending item was dropped, the revised 2-factor model for organisational performance had acceptable model fit based on CFI and NNFI indices.

Discriminant validity was assessed for the two-factor model of fundraising performance and financial performance. The 90% confidence interval constructed between the LVs did not include 1.0. Fundraising performance and financial performance are components of an overall business performance but not identical measures.

In addition, subjective financial performance had high AVE for the donor sample but this is not the case for the HCP sample.

5.2.20. RELIABILITY OF ORGANISATIONAL PERFORMANCE

Subjective financial performance was reliable for the donor samples. The same was not confirmed for HCP data. Fundraising performance also had a noticeably low Cronbach alpha and composite reliability for two samples. Besides, the Cronbach alpha for organisational performance was below .70. It can be assumed that PERF2 weakened scale reliability due to its low factor loading.

Due to low reliability for subjective performance measures, individual scale items were used to test the effects of strategic orientation on performance.

5.2.21. CONVERGENT VALIDITY OF REGULATORY TURBULENCE

New items were created to test regulatory turbulence; therefore, PCA was used to assess convergent validity. Table 57 revealed that standardised factor loadings for REGTURB2, REGTURB3 and REGTURB4 were above .70. Consequently, these three items were used for the revised regulatory turbulence construct. Moreover, regulatory turbulence has a low total variance explained.

5.2.22. RELIABILITY OF REGULATORY TURBULENCE

Regulatory turbulence had a Cronbach alpha below the acceptable level of .70.

5.2.23. DISCRIMINANT VALIDITY OF COMPETITIVE ENVIRONMENT MODERATORS

The hypothesised first-order 4-factor model of beneficiary turbulence, donor turbulence, competitive intensity, and technology turbulence had an unacceptable solution. When

COMPINT1 was removed, due to its non-significant standardised factor loading ($\lambda = .10$), the revised model improved. The goodness-of-fit indices indicate a reasonable fit: $\chi^2 (69) = 78.13$ ($p < .05$), NNFI = .88, CFI = .91; RMSEA = .065.

When the discriminant validity of the four constructs was tested, the 90% confidence intervals of LVs did not include 1.0. Hence, the constructs are distinct measures of the competitive environment.

AVEs for all four constructs were below .47; thus, the items do not account for necessary variance in the constructs.

5.2.24. RELIABILITY OF COMPETITIVE ENVIRONMENT MODERATORS

Cronbach alphas ($\alpha \leq .56$) and composite reliabilities ($\rho_c \leq .59$) were low for donor turbulence and competitive intensity.

Table 55. Summary of Measurement Respecification Process

Indicators Deleted	Rationale	Indicators Deleted	Rationale
HIV/AIDS care providers			
Market orientation		2 nd round	
1 st round			
INSIGHT4	Non-significant factor loading	INTENT6	Low factor loading
INSIGHT7	Non-significant factor loading	INTERAC2	Low factor loading
INTENT2	Non-significant factor loading	INTERAC3	Low factor loading
INTENT3	Non-significant factor loading	INTERAC4	Low factor loading
INTENT5	Non-significant factor loading		
Donor relations			
DONREL6	Non-significant factor loading		
Management emphasis			
MGTEM2	Non-significant residual error		
Formalisation			
FORM3	Non-significant factor loading		
FORM4	Non-significant factor loading		
Beneficiary satisfaction			
FEESAT	Non-significant factor loading		
Job satisfaction			
JOBSAT4	Non-significant factor loading		
New service development			
NSD4	Negative factor loading		
Fundraising performance			
FUNDPERF3	Low factor loading		
Competitive intensity			
COMPINT1	Non-significant factor loading		
HIV/AIDS care supporters			
Beneficiary satisfaction			
FEESAT	Non-significant factor loading		
Job satisfaction			
JOBSAT4	Non-significant factor loading		
HIV/AIDS donors			
Donor relations			
DONREL6	Non-significant factor loading		

Table 56. Confirmatory Factor Analysis: Summary of Reliability and Validity Scores

Constructs and indicators ^a	HIV/AIDS care providers (N=85)						HIV/AIDS care supporters (N=193)						HIV/AIDS beneficiaries (N=452)						HIV/AIDS donors (N=38)						
	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	
Market orientation	.87		.95	.75				-	-					-	-					-	-				
Insight	.99		.99	.95				-	-					-	-					-	-				
INSIGHT1		.97			.98	12.48		-	-					-	-					-	-				
INSIGHT2		.97			.96	12.05		-	-					-	-					-	-				
INSIGHT3		.98			.99	12.65		-	-					-	-					-	-				
INSIGHT4		-			-	-		-	-					-	-					-	-				
INSIGHT5		.97			.98	12.51		-	-					-	-					-	-				
INSIGHT6		.97			.95	11.79		-	-					-	-					-	-				
INSIGHT7		-			-	-		-	-					-	-					-	-				
Intent	.43		.69	.45				-	-					-	-					-	-				
INTENT1		.32			.45	3.99		-	-					-	-					-	-				
INTENT4		.30			.87	8.47		-	-					-	-					-	-				
INTENT6		-			-	-		-	-					-	-					-	-				
INTENT7		.28			.67	5.77		-	-					-	-					-	-				
Interaction	.68		.70	.37				-	-					-	-					-	-				
INTERAC1		.40			.57	5.18		-	-					-	-					-	-				
INTERAC2		-			-	-		-	-					-	-					-	-				
INTERAC5		.46			.57	5.39		-	-					-	-					-	-				
INTERAC6		.59			.67	5.29		-	-					-	-					-	-				
INTERAC7		.47			.59	5.34		-	-					-	-					-	-				
Technology orientation	.62		.62	.45				-	-					-	-					-	-				
TECHORN1		.45			.67	5.20		-	-					-	-					-	-				
TECHORN2		.45			.67	5.24		-	-					-	-					-	-				
Donor relations	.83		.95	.79				-	-					-	-					.83	.93	.73			
DONREL1		.59			.66	5.39		-	-					-	-					.71			.39	5.28	
DONREL2		.51			.40	4.96		-	-					-	-					.73			.53	5.75	
DONREL3		.75			.55	7.91		-	-					-	-					.72			.64	5.47	
DONREL4		.67			.60	6.78		-	-					-	-					.50			.53	3.53	
DONREL5		.62			.65	6.12		-	-					-	-					.61			.58	4.71	
DONREL6		-			-	-		-	-					-	-					-	-		-	-	
Leadership																									
Management emphasis	.67		.69	.43				-	-					-	-					-	-				
MGTEM1		.42			.62	5.03		-	-					-	-					-	-				
MGTEM3		.55			.69	5.42		-	-					-	-					-	-				
MGTEM4		.52			.66	5.23		-	-					-	-					-	-				
Attitudes towards risk	.79		.81	.51				-	-					-	-					-	-				
RISK1		.53			.66	6.29		-	-					-	-					-	-				
RISK2		.77			.88	9.00		-	-					-	-					-	-				
RISK3		.49			.56	5.15		-	-					-	-					-	-				
RISK4		.63			.73	7.08		-	-					-	-					-	-				

Constructs and indicators ^a	HIV/AIDS care providers (N=85)						HIV/AIDS care supporters (N=193)						HIV/AIDS beneficiaries (N=452)						HIV/AIDS donors (N=38)						
	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	
Organisational systems																									
Centralisation	.76		.73	.48				-	-	-					-	-	-				-	-	-		
CENTR1		.62			.64	5.60																			
CENTR2		.61			.74	6.42																			
CENTR3		.56			.69	6.01																			
Formalisation	.65		.71	.57				-	-	-					-	-	-				-	-	-		
FORM1 ^g		.48			.52	3.44																			
FORM2 ^g		.48			.93	4.30																			
Interpersonal and intergroup relations																									
Connectedness	.71		.76	.45				-	-	-					-	-	-				-	-	-		
CONN1		.42			.62	5.68																			
CONN2		.63			.94	8.92																			
CONN3		.50			.55	5.01																			
CONN4		.53			.50	4.55																			
Conflict	.56		.59	.30				-	-	-					-	-	-				-	-	-		
CONF1 ^g		.41			.75	5.29																			
CONF2 ^g		.21			.21	1.65																			
CONF3 ^g		.44			.61	4.59																			
CONF4 ^g		.35			.45	3.49																			
Customer consequences																									
Beneficiary satisfaction	.57		.66	.36			.52		.62	.31			.86		.85	.58									
QUALSAT		.36			.57	5.30		.39		.59	7.74			.60		.66	15.10								
PERSAT ^g		.23			.23	1.94		.19		.22	2.76			.70		.76	18.25								
DEPSAT		.41			.57	5.24		.35		.60	7.94			.74		.81	19.73								
ALLSAT		.52			.85	8.52		.44		.70	9.44			.70		.81	19.98								
Beneficiary loyalty	.90		.90	.64			.81		.81	.46			.88		.90	.64									
CUSTLOY1		.68			.79	8.45		.55		.66	9.54			.73		.78	19.13								
CUSTLOY2		.83			.88	10.07		.65		.72	10.74			.71		.76	18.30								
CUSTLOY3		.79			.84	9.31		.66		.75	11.22			.76		.80	19.97								
CUSTLOY4		.67			.70	7.20		.50		.58	8.11			.77		.83	20.96								
CUSTLOY5		.78			.78	8.34		.65		.72	10.73			.75		.82	20.74								
Service quality																									
Tangibility																									
TANG1														.27		.60	9.31								
TANG2														.29		.68	9.97								
Reliability																									
RELIAB1														.64		.75	-								
RELIAB2														.71		.82	-								
RELIAB3														.62		.69	-								
Responsiveness																									
RESPONS1														.69		.72	16.86								
RESPONS2														.68		.73	17.26								
RESPONS3														.70		.73	17.34								

Constructs and indicators ^a	HIV/AIDS care providers (N=85)						HIV/AIDS care supporters (N=193)						HIV/AIDS beneficiaries (N=452)						HIV/AIDS donors (N=19)						
	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	
Assurance													.83		.83	.55									
ASSUR1														.68			.75	18.09							
ASSUR2														.66			.74	17.62							
ASSUR3														.66			.74	17.72							
ASSUR4														.69			.74	17.66							
Empathy													.81		.82	.60									
EMPATH1														.59			.72	16.53							
EMPATH2														.65			.83	20.32							
EMPATH3								.65			.78	18.48													
Employee consequence																									
Job satisfaction	.66		.71	.32			.56		.61	.22															
JOBSAT1		.31			.59	5.26		.39			.61	7.05													
JOBSAT2		.54			.88	8.18		.44			.62	7.14													
JOBSAT3 ^g		.33			.36	3.09		.19			.27	3.11													
JOBSAT5		.37			.39	3.41		.30			.51	5.91													
JOBSAT6 ^g		.29			.33	2.83		.26			.27	3.07													
JOBSAT7		.62			.62	5.63		.33			.42	4.89													
Organisational innovation																									
Innovativeness																									
INNOV2		.62			.79	7.57																			
INNOV3 ^g		.50			.54	4.76																			
INNOV4		.50			.57	5.06																			
INNOV5 ^g		.61			.67	6.22																			
New service development	.55		.55	.23																					
NSD1		.38			.53	3.99																			
NSD2		.30			.46	3.46																			
NDS3		.34			.48	3.59																			
NSD5		.30			.46	3.48																			
Organisational performance																									
Financial performance	.67		.69	.43															.81		.90	.75			
FINPERF1		.47			.80	5.82														.71			.69	5.10	
FINPERF2		.38			.45	3.66														.89			.93	11.10	
FINPERF3 ^h		.62			.68	5.23														.90			.96	-	
Fundraising performance	.61		.62	.36																					
FUNDPERF1		.47			.73	4.55																			
FUNDPERF2		.44			.52	3.59																			
FUNDPERF4		.36			.59	4.02																			

Constructs and indicators ^a	HIV/AIDS care providers (N=85)						HIV/AIDS care supporters (N=193)						HIV/AIDS beneficiaries (N=452)						HIV/AIDS donors (N=19)						
	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	α	ρ_i	ρ_c	ρ_v	λ	t-value	
Environmental turbulence																									
Beneficiary turbulence	.72		.72	.47																					
MKTTURB1		.54			.70	5.90																			
MKTTURB2		.51			.63	5.33																			
MKTTURB3		.57			.72	6.06																			
Donor turbulence	.51		.56	.29																					
MKTTURB4		.26			.50	2.81																			
MKTTURB5		.29			.59	3.91																			
MKTTURB6		.44			.56	3.74																			
Competitive intensity	.56		.59	.34																					
COMPINT2		.49			.49	3.21																			
COMPINT3		.30			.30	1.97																			
COMPINT4		.37			.37	3.53																			
Technology turbulence	.75		.75	.44																					
TECHTURB1		.59			.86	7.82																			
TECHTURB2		.56			.58	5.09																			
TECHTURB3		.54			.56	4.93																			
TECHTURB4		.48			.62	5.49																			

^aMeasures were collated in the form of a five-point Likert scale.

^bCronbach alphas are reported.

^cAverage inter-item correlations are reported.

^dComposite reliabilities are reported.

^eAVEs are reported.

^fFactor loadings from completely standardised solution are reported.

^gThis indicator is reversed before it is included in the calculations.

^hThis indicator is set to unity in the measurement model.

Table 57. Exploratory Factor Analysis: Summary of Reliability and Validity Scores

Constructs and indicators ^a	HIV/AIDS care providers (N=84)			VE ^e	TP ^f
	α ^b	ρ_i ^c	ρ_v ^d		
Regulatory turbulence	.65			1.83	.30
REGTURB2		.82	.82		
REGTURB3 ^g		.71	.71		
REGTURB4		.74	.73		

^aMeasures were collated in the form of a five-point Likert scale. ^eTotal variance explained is reported.

^bCronbach alphas are reported.

^cAverage inter-item correlations are reported.

^dFactor loadings from promax rotated PCA extraction are reported.

^fTotal proportion of variance is reported.

^gThis indicator is reversed before it is included in the calculations.

Table 58. Confirmatory Factor Analysis: Summary of Model Fit Indices

	χ^2	d.f.	p-value	RMSEA	NNFI	CFI	ECVI
HIV/AIDS care providers							
Market orientation							
Hypothesised 3-factor 1 st order model	539.79	186	.01	.190	.45	.52	10.86
Revised 3-factor 1 st order model (excludes 9 items)	92.07	51	.017	.094	.95	.96	1.71
Revised multidimensional 2 nd order model (excludes 9 items)	103.61	54	.001	.105	.91	.93	1.80
Revised unidimensional 2 nd order model (excludes 9 items)	88.03	52	.001	.088	.96	.97	1.64
Market- and technology- orientations							
Revised 4-factor 1 st order model (excludes 9 items)	114.52	71	.0001	.086	.95	.96	2.18
Donor relations							
Hypothesised 1-factor model	13.81	9	.110	.095	.95	.97	.58
Revised 1-factor model (excludes 1 item)	13.17	5	.022	.160	.90	.95	.49
Market orientation and donor relations							
Revised 4-factor 1 st order model (excludes 10 items)	248.83	113	.00	.140	.90	.92	4.55
Leadership							
Hypothesised 2-factor 1 st order model	47.61	19	.001	.150	.79	.86	1.06
Revised 2-factor 1 st order model (excludes 1 item)	22.90	13	.043	.095	.91	.94	.63
Organisational systems							
Hypothesised 2-factor 1 st order model	28.27	13	.008	.110	.88	.80	.67
Revised 2-factor 1 st order model (excludes 2 items)	2.19	4	.680	.001	1.05	1.00	.31
Interpersonal and intergroup relations							
Hypothesised 2-factor 1 st order model	26.56	19	.120	.076	.92	.94	.74
Beneficiary satisfaction and loyalty							
Revised 2-factor 1 st order model (excludes 1 item)	50.60	26	.003	.099	.95	.96	1.02
Job satisfaction							
Hypothesised 1-factor model	51.21	14	.001	.182	.60	.73	.96
Revised 1-factor model (excludes 1 item)	16.85	9	.051	.110	.86	.92	.50
Organisational innovation							
Hypothesised 2-factor 1 st order model	58.40	34	.006	.088	.85	.89	1.17
Revised 2-factor 1 st order model (excludes 1 item)	42.28	26	.023	.082	.89	.92	.94
Revised 2-factor 2 nd order model (excludes 1 item)	42.28	26	.023	.082	.89	.92	.94
Organisational performance							
Hypothesised 2-factor 1 st order model	17.60	13	.17	.070	.92	.95	.58
Revised 2-factor 1 st order model (excludes 1 item)	14.92	8	.06	.108	.85	.92	.50
Competitive environmental turbulence							
Hypothesised 4-factor 1 st order model	92.74	74	.026	.062	.77	.82	2.34
Revised 4-factor 1 st order model (excludes 1 item)	78.13	69	.050	.065	.88	.91	1.73
HIV/AIDS care supporters							
Customer consequences							
Revised 2-factor 1 st order model (excludes 1 item)	86.30	26	.001	.110	.91	.93	.66
Job satisfaction							
Hypothesised 1-factor model	65.58	14	.001	.130	.55	.70	.46
Revised 1-factor model (excludes 1 item)	27.84	9	.001	.104	.77	.86	.27
HIV/AIDS beneficiaries							
Beneficiary satisfaction and loyalty							
Revised 2-factor 1 st order model (excludes 1 item)	85.14	26	.001	.073	.98	.99	.28
Service quality							
Hypothesised 5-factor 1 st order model	236.37	80	.01	.066	.98	.98	.70
Hypothesised multidimensional 2 nd order model	268.29	85	.01	.070	.97	.98	.76
Customer consequences							
Revised 7-factor 1 st order model (excludes 1 item)	658.55	245	.01	.061	.98	.98	1.69
HIV/AIDS donors							
Donor relations							
Hypothesised 1-factor model	17.22	9	.045	.140	.87	.92	1.08
Revised 1-factor model (excludes 1 item)	6.03	5	.300	.058	.98	.99	.69
Subjective financial performance							
Hypothesised 1-factor model	.02	2	.99	.001	1.06	1.00	.31

5.2.25. MANIPULATION CHECK OF MARKET ORIENTATION

Table 59 shows five significant F-values when the validity of MO scale items using the HCP sample were checked against single item measures of customer satisfaction research and marketing competency. Table 60 further explains that the means for INTENT1 and INTERAC4 are comparatively higher for ‘we have developed marketing practices, but they need improvement’ than ‘we make use of our superior marketing competencies’. Therefore, INTENT1 and INTERAC4 items may be inappropriate measures of behavioural MO.

Table 59. One-Way ANOVA: Manipulation Check of Market- and Technology- Orientation

	INSIG HT1	INSIG HT2	INSIG HT3	INSIG HT4	INSIG HT5	INSIG HT6	INSIG HT7	INTE NT1	INTE NT2	INTE NT3	INTE NT4	INTE NT5	INTE NT6	INTE NT7	INTER AC1	INTER AC2	INTER AC3	INTER AC4	INTER AC5	INTER AC6	INTER AC7	TECH ORN1	TECH ORN2
Customer satisfaction research	NS	NS	NS	NS	NS	F= 2.48*	NS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Marketing competency	NS	NS	NS	NS	NS	NS	NS	F= 2.79*	NS	NS	NS	NS	NS	F= 4.56**	NS	NS	F= 2.55*	F= 4.90**	NS	NS	NS	--	--
Technology competency	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	NS	F= 2.20*

* $p < .10$, ** $p < .01$, *** $p < .001$, NS= non-significant

Table 60. Mean Differences: Market- and Technology- Orientation Comparisons

Variable	Conduct survey research ^a		Do not conduct survey research ^b		No marketing competence ^c		Need to improve marketing competence ^d		Superior in marketing competence ^e		No technology competence ^f		Need to improve technology competence ^g		Superior in technology competence ^h	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
INSIGHT6	4.05	.81	3.55	1.18	--	--	--	--	--	--	--	--	--	--	--	--
INTENT1	--	--	--	--	4.56	.73	4.89	.32	4.67	.52	--	--	--	--	--	--
INTENT7	--	--	--	--	3.00	1.12	4.03	1.02	4.33	.82	--	--	--	--	--	--
INTERAC3	--	--	--	--	3.00	1.12	3.49	.93	4.33	.82	--	--	--	--	--	--
INTERAC4	--	--	--	--	3.89	1.27	4.20	.73	4.00	.63	--	--	--	--	--	--
TECHORN2	--	--	--	--	--	--	--	--	--	--	3.30	.82	3.95	.98	4.44	.53

^aN=63, ^bN=22, ^cN=9, ^dN=70, ^eN=6, ^fN=10, ^gN=66, ^hN=9

5.2.26. KNOWN GROUP VALIDITY

Based on the results of known group validity (refer to Tables 61 and 62), I cannot fully support the assumption that the responses of my main study's informants and their stakeholders matched across analogous summated scales. Varied respondent types had conflicting perceptions and evaluations across comparable survey constructs. First, HIV/AIDS beneficiaries perceive lower levels of service quality than HCPs reveal. Second, HIV/AIDS beneficiaries are less satisfied with their services than HCPs and HCSs think. Moreover, HCPs imagine employees and volunteers are less satisfied with their organisations than HCPs actually report. Finally, HIV/AIDS donors suspect their funded NPOs have higher levels of financial and overall business performance than HCPs actually report.

Table 61. Mean Differences and T-Test: Respondent Type Comparisons for Summated Scales

Variable	HIV/AIDS care providers (N=85)		HIV/AIDS care supporters (N=193)		HIV/AIDS donors (N=38)		t-value
	Mean	SD	Mean	SD	Mean	SD	
Donor relations	3.78	.51	--	--	4.31	.59	.01(NS)
Service quality ^a	4.41	.51	--	--	3.97	.62	6.16***
Job satisfaction	3.78	.51	4.06	.53	--	--	3.96***
Financial performance	3.58	.79	--	--	3.93	.80	2.08*
Overall business performance	3.95	.75	--	--	4.52	.63	3.61***

^a Because INSIGHT2, INTENT1, INTERACT1, INTERACT7 from the market orientation construct are related to service quality, the values of these items are summated and then compared to the SERVQUAL construct

* $p < .10$, ** $p < .01$, *** $p < .001$, NS= non-significant

Note: Equal variances assumed

Table 62. Mean Differences and One-Way ANOVA: Respondent Type Comparisons for Summated Scales

Variable	HIV/AIDS care providers (N=85)		HIV/AIDS care supporters (N=193)		HIV/AIDS beneficiaries (N=452)		F-value
	Mean	SD	Mean	SD	Mean	SD	
Beneficiary satisfaction	4.20	.51	4.19	.59	4.05	.74	4.10*
Beneficiary loyalty	4.29	.62	4.26	.59	4.24	.68	.91(NS)

* $p < .10$, ** $p < .01$, *** $p < .001$, NS= non-significant

Note: Equal variances assumed

5.3. MAIN STUDY'S PARTIAL LEAST SQUARES MODEL FINDINGS

The reason for adapting the MO construct was to create a shortened scale that features the three underlying dimensions of the stakeholder approach to MO. Since, the single-factor measurement model had good psychometric properties, I used the revised unidimensional scale to test direct and indirect effects of hypothesised and revised structural models.

5.3.1. MAIN EFFECTS IN HYPOTHESISED MODEL

Table 63 summaries the direct effects of several subjective measures and fit indices for the first PLS model (refer to Figure 2 for an illustration of hypothesised relations). Measures of fundraising performance had low R^2 values due to its 3-point to 5-point scale transformation. Furthermore, all multi-item subjective measures were reliable and valid. Cronbach alphas and composite reliabilities of constructs were above .70 and AVEs were in the region of .50.

Table 63. Summary of PLS Effects and Fit Indices: Main Effects of Strategic Orientation and its Relations

HIV/AIDS care providers (N=81)														
Structural relations														
Independent variable														
	Management emphasis		Attitudes towards risk		Reward systems		Centralisation		Formalisation		Interdepartmental connectedness		Interdepartmental conflict	
Dependent variable	β^a	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
Market orientation	.34	2.44**	-.07	.55(NS)	.13	.90(NS)	.00	.06(NS)	.12	1.12(NS)	.48	3.26***	.04	.31(NS)
Dependent variable														
	Beneficiary satisfaction		Customer loyalty		Job satisfaction		Innovativeness		New service development		Overall business performance			
Independent variable	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
Market orientation	.88	5.67***	.84	4.77***	.88	3.55***	.64	2.59**	.69	3.17***	.69	2.62**	.69	2.62**
Technology orientation	-	-	-	-	-	-	.38	2.75**	.47	2.54**	.30	1.97*	.30	1.97*
Donor relations	-	-	-	-	-	-	-	-	-	-	.40	1.72*	.40	1.72*
	Corporate donor performance		Foundation donor performance		Government donor performance		Philanthropic donor performance		Financial performance		Revenue from services		Cash flow from operations	
Independent variable	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
Market orientation	.53	2.93***	.49	2.35**	.43	1.84*	.44	1.78*	.63	3.16***	.60	2.67**	.55	2.15*
Technology orientation	.00	.00(NS)	.06	.82(NS)	.05	.55(NS)	.06	1.01(NS)	.22	1.19(NS)	.16	.68(NS)	.37	1.83*
Donor relations	.14	.59(NS)	-.05	.18(NS)	.29	1.13(NS)	-.05	.51(NS)	.33	1.37(NS)	.40	1.47(NS)	.54	2.30*
Fit indices														
Constructs	α^b	ρ_c	ρ_v^d	R^2	F^2	Constructs	α	ρ_c	ρ_v	R^2	F^2			
Management emphasis	.86	.92	.78	-	-	Job satisfaction	.92	.94	.72	.68	.48			
Attitudes towards risk	.87	.91	.72	-	-	Innovativeness	.96	.97	.85	.47	.28			
Reward systems	.73	.84	.65	-	-	New service development	.94	.96	.84	.57	.30			
Centralisation	.83	.90	.74	-	-	Corporate donor performance	1.00	1.00	1.00	.31	.11			
Formalisation	.77	.90	.81	-	-	Foundation donor performance	1.00	1.00	1.00	.30	-.04			
Interdepartmental connectedness	.93	.95	.83	-	-	Government donor performance	1.00	1.00	1.00	.25	.18			
Interdepartmental conflict	.74	.85	.66	-	-	Philanthropic donor performance	1.00	1.00	1.00	.33	-.11			
Market orientation	.97	.97	.75	.79	.00	Financial performance	1.00	1.00	1.00	.54	.33			
Technology orientation	.85	.93	.87	.61	-	Revenue from services	1.00	1.00	1.00	.45	.36			
Donor relations	.96	.97	.86	.71	-	Cash flow from operations	1.00	1.00	1.00	.49	.41			
Beneficiary satisfaction	.91	.94	.79	.77	.60	Overall business performance	1.00	1.00	1.00	.69	.44			
Beneficiary loyalty	.97	.98	.89	.71	.63									

^aPLS path coefficients are reported.

^bCronbach alphas are reported.

^cComposite reliabilities are reported.

^dAVEs are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

Table 64 summaries the predictive effect of organisational age, a proxy measure for organisational experience, on MO. Tables 65 and 66 report the direct effects of MO on objective financial performance and throughput, respectively. Objective performance and throughput measures had low R^2 , perhaps due to a minimum number of MVs representing each objective measure.

5.3.1.1. MAIN EFFECTS OF ANTECEDENTS ON MARKET ORIENTATION

Top management emphasis, interdepartmental connectedness, and organisational experience have positive and strong effects on MO. Reward systems, centralisation, formalisation, and interdepartmental conflict did not inhibit MO. Attitudes towards risk have a negative but minor effect on MO.

Table 64. Summary of PLS Effects and Fit Indices: Main Effect of Organisational Experience on Market Orientation

HIV/AIDS care providers (N=67)					
Structural relations					
Independent variable: Organisational experience					
Dependent variable	β^a	t-value			
Market orientation	.24	2.18*			
Fit indices					
Constructs	α^b	ρ_c^c	ρ_v^d	R^2	F^2
Organisational experience	1.00	1.00	1.00	-	-
Market orientation	.87	.90	.45	.06	.02

^aPLS path coefficients are reported.

^cComposite reliabilities are reported.

^bCronbach alphas are reported.

^dAVEs are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

5.3.1.2. MAIN EFFECTS OF MARKET ORIENTATION ON SUBJECTIVE CONSEQUENCE MEASURES

MO has positive and considerable effects on customer- and employee- consequences. Its effect on overall business performance is significant but not large. MO also has weak effects on measures of fundraising performance and financial performance.

5.3.1.3. MAIN EFFECTS OF MARKET ORIENTATION ON OBJECTIVE CONSEQUENCE MEASURES

MO has a negative effect annual net income but positive effect on cost per beneficiary. These effects were minor. In addition, MO has a significant negative effect on staff numbers but insignificant negative effects on beneficiary numbers and beneficiaries per staff.

5.3.1.4. MAIN EFFECTS OF TECHNOLOGY ORIENTATION ON SUBJECTIVE CONSEQUENCE MEASURES

TO has a positive and strong effect on organisational innovation but a weak effect on overall business performance. While it increases cash flow from operations, TO does not statistically influence subjective financial performance and revenue from services as well as measures of fundraising performance.

5.3.1.5. MAIN EFFECTS OF TECHNOLOGY ORIENTATION ON OBJECTIVE CONSEQUENCE MEASURES

The positive effects of TO on annual net income and annual total cost per beneficiary were negligible. While TO somewhat increases the number of beneficiaries per staff, it does not increase the total number of beneficiaries.

5.3.1.6. MAIN EFFECTS OF DONOR RELATIONS ON SUBJECTIVE CONSEQUENCE MEASURES

DR has positive and weak effect on overall business performance. While DR consistently had non-significant effects on fundraising performance measures, the effects ranged from negative to positive. Moreover, DR had negligible effects on financial performance and revenue from services but a notable positive effect on cash flow from operations.

5.3.1.7. MAIN EFFECTS OF DONOR RELATIONS ON OBJECTIVE CONSEQUENCE MEASURES

The positive effects of DR on annual net income and annual total cost per beneficiary were negligible. While DR increases staff numbers, it does not seem to increase significantly beneficiary numbers and beneficiaries per staff.

Table 65. Summary of PLS Effects and Fit Indices: Main Effects of Strategic Orientations on Objective Measures of Financial Performance

HIV/AIDS care providers (N=76)											
Structural relations											
Dependent variable											
Annual net income						Annual total cost per client					
Independent variable	β^a	t-value				β	t-value				
Market orientation	-.32	1.16(NS)				.06	.26 (NS)				
Technology orientation	.15	.89 (NS)				.07	.41 (NS)				
Donor relations	.12	.48 (NS)				.08	.44 (NS)				
Fit indices											
Constructs	α^b	ρ_c^c	ρ_v^d	R^2	F^2	Constructs	α	ρ_c	ρ_v	R^2	F^2
Market orientation	.87	.89	.43	-	-	Total net income	1.00	1.00	1.00	.09	.01
Technology orientation	.62	.83	.71	-	-	Annual total cost per	1.00	1.00	1.00	.02	.01
Donor relations	.87	.89	.63	-	-	client					

^aPLS path coefficients are reported.

^bCronbach alphas are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

^cComposite reliabilities are reported.

^dAVEs are reported.

Table 66. Summary of PLS Effects and Fit Indices: Main Effects of Strategic Orientations and Throughput

HIV/AIDS care providers (N=82)											
Structural relations											
Dependent variable											
	Staff numbers		Client numbers		Clients per staff						
Independent variable	β^a	t-value	β	t-value	β	t-value					
Market orientation	-.42	1.67*	-.08	.25(NS)	-.02	.10(NS)					
Technology orientation	-.05	.25(NS)	-.05	.28(NS)	.14	.89(NS)					
Donor relations	.40	2.30**	.15	.70(NS)	.04	.29(NS)					
Fit indices											
Constructs	α^b	ρ_c^c	ρ_v^d	R^2	F^2	Constructs	α	ρ_c	ρ_v	R^2	F^2
Market orientation	.88	.82	.30	-	-	Staff numbers	1.00	1.00	1.00	.21	.01
Technology orientation	.62	.84	.72	-	-	Client numbers	1.00	1.00	1.00	.02	.00
Donor relations	.87	.91	.66	-	-	Clients per staff	1.00	1.00	1.00	.02	.00

^aPLS path coefficients are reported.

^cComposite reliabilities are reported.

^bCronbach alphas are reported.

^dAVEs are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

5.3.2. MODERATED EFFECTS IN HYPOTHESISED MODEL

The predictive effects of pure substantive moderators on several strategic management variables, as hypothesised in Figure 2, are summarised in Tables 67 to 72. Fit indices demonstrate reliability and validity of constructs and robustness of PLS structural models. Several hypotheses are validated with multiplication interaction terms (i.e. PLS product indicator estimates and standard errors).

5.3.2.1. MODERATING ROLE OF REGULATORY TURBULENCE

Regulatory turbulence does not significantly moderate the relationships between MO and its antecedents (see Table 67). To some extent, it weakens the positive effect of top management emphasis on MO and diminishes the positive effect of interdepartmental connectedness on MO.

5.3.2.2. MODERATING ROLE OF COMPETITIVE ENVIRONMENT

The competitive environment acts as moderator of a few MO and performance relations according to Tables 68 to 70. Beneficiary turbulence significantly impedes the positive effect of MO and overall business performance but does not influence financial performance. However, beneficiary turbulence statistically weakens the negative effect of market-oriented insight on financial performance ($\beta = .88$, t-value = 1.73) according to post hoc analysis.

Donor turbulence considerably weakens the positive effect of MO on overall business performance and philanthropic donor performance. It does not obstruct the relationship of MO and other measures of fundraising performance. With the exception of the MO and philanthropic donor performance, competitive intensity does not impede the positive effect of MO on fundraising, financial, and overall business performance.

Table 71 shows that technology turbulence has a negative moderating role on the

relationship between MO and cash flow from operations. Essentially, the savings of market-oriented HCPs diminishes during periods of technology turbulence. No other moderating effects were present for other performance measures. Two-dimensional interaction plots of Figures 3 illustrate the non-monotonic effects of MO on these various measures for organisational performance.

Finally, Table 72 demonstrates that technology turbulence does not significantly weaken the positive and significant effects of TO on organisational performance and organisational innovation.

Figure 3. Two-Dimensional Plots: Moderating Role of Competitive Environment

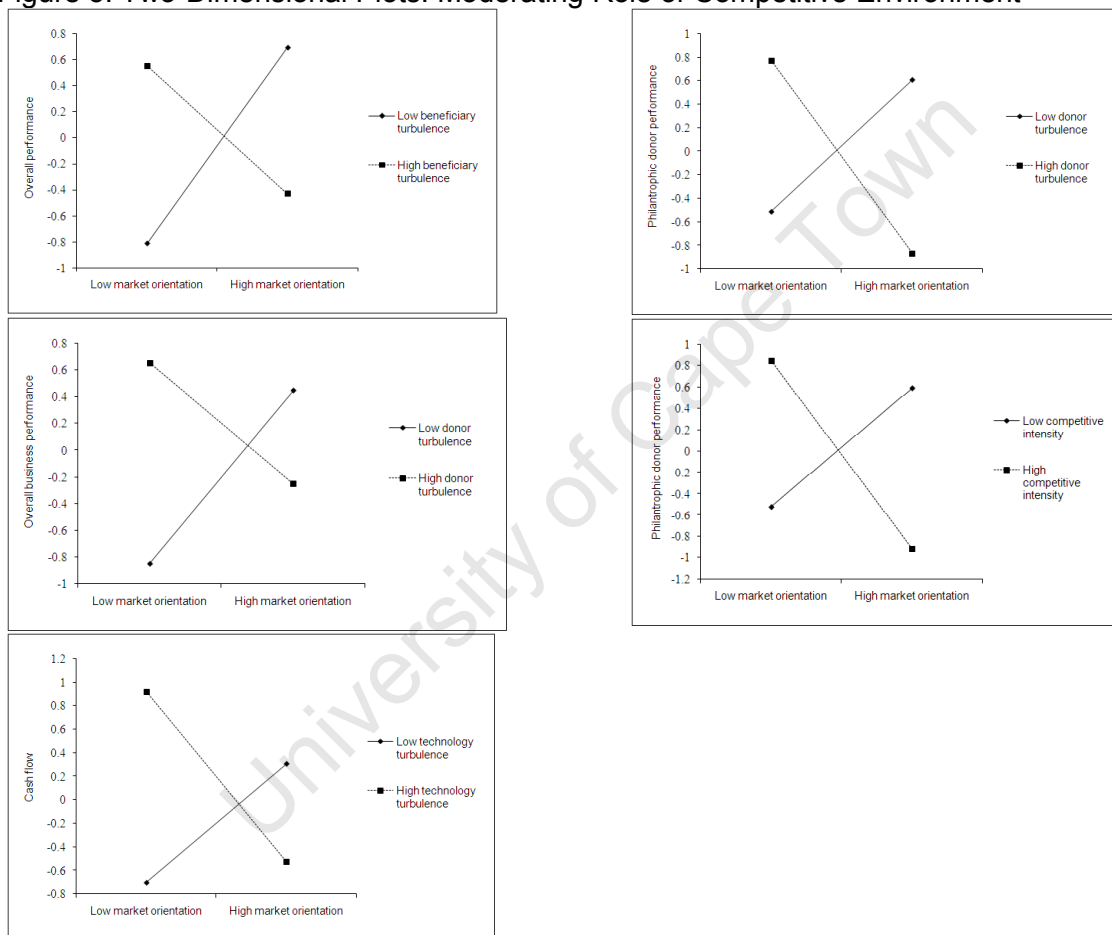


Table 67. Summary of PLS Effects and Fit Indices: Moderating Role of Regulatory Turbulence

HIV/AIDS care providers (N=85)														
Structural relations														
Dependent variable														
Independent variable	Management emphasis		Attitudes towards risk		Reward Systems		Centralisation		Formalisation		Interdepartmental connectedness		Interdepartmental conflict	
	β^a (SE ^b)	t-value	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value	t-value	β (SE)	t-value	t-value	β (SE)	t-value
Market orientation	-.32(.35)	.90(NS)	-.08(.20)	.38(NS)	.02(.42)	.06(NS)	.01(.32)	.04(NS)	.00(.21)	.03(NS)	-.14(.35)	.40(NS)	.02(.22)	.09(NS)
Fit indices														
Constructs	α^b	ρ_c^c	ρ_v^e	R ²	F ²	Constructs	α	ρ_c	ρ_v	R ²	F ²			
Market orientation	.97	.97	.73	.81	.00	Centralisation	.83	.90	.74	-	-			
Regulatory turbulence	.83	.84	.65	-	-	Formalisation	.77	.90	.81	-	-			
Management emphasis	.86	.92	.78	-	-	Interdepartmental connectedness	.93	.94	.62	-	-			
Attitudes towards risk	.87	.91	.72	-	-	Interdepartmental conflict	.74	.85	.66	-	-			
Reward systems	.73	.84	.65	-	-									

^aPLS product indicator estimates are reported.

^bStandard errors are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

^cCronbach alphas are reported.

^dComposite reliabilities are reported.

^eAVEs are reported.

Table 68. Summary of PLS Effects and Fit Indices: Moderating Role of Beneficiary Turbulence

HIV/AIDS care providers (N=85)													
Structural relations													
Dependent variable													
Independent variable	Financial performance			Revenue from services			Cash flow from operations			Overall business performance			
	β^a (SE ^b)	t-value	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value			
Market orientation	-.27(.32)		.86(NS)		-.30(.42)		.72(NS)		-1.60(NS)		-.62(.34)		1.83*
Fit indices													
Constructs	α^c	ρ_c^d	ρ_v^e	R ²	F ²	Constructs	α	ρ_c	ρ_v	R ²	F ²		
Market orientation	.97	.97	.73	-	-	Revenue from services	1.00	1.00	1.00	.49	.38		
Beneficiary turbulence	.87	.92	.79	-	-	Cash flow from operations	1.00	1.00	1.00	.43	.14		
Financial performance	1.00	1.00	1.00	.44	.11	Overall business performance	1.00	1.00	1.00	.59	.05		

^aPLS product indicator estimates are reported.

^bStandard errors are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

^cCronbach alphas are reported.

^dComposite reliabilities are reported.

^eAVEs are reported.

Table 69. Summary of PLS Effects and Fit Indices: Moderating Role of Donor Turbulence

HIV/AIDS care providers (N=85)											
Structural relations											
Dependent variable											
	Corporate donor performance		Foundation donor performance		Government donor performance		Philanthropic donor performance		Overall business performance		
Independent variable	β^a (SE ^b)	t-value	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value	
Market orientation	-.25(.35)	.70(NS)	-.35(.39)	.89(NS)	-.46(.35)	1.34(NS)	-.70(.38)	1.81*	-.55(.32)	1.73*	
Fit indices											
Constructs	α^c	ρ_c^d	ρ_v^e	R ²	F ²	Constructs	α	ρ_c	ρ_v	R ²	F ²
Market orientation	.97	.97	.74	-	-	Government donor performance	1.00	1.00	1.00	.28	.11
Donor turbulence	.86	.91	.78	-	-	Philanthropic donor performance	1.00	1.00	1.00	.31	-.03
Corporate donor performance	1.00	1.00	1.00	.31	-.05	Overall business performance	1.00	1.00	1.00	.61	.21
Foundation donor performance	1.00	1.00	1.00	.29	.07						

^aPLS product indicator estimates are reported. ^cCronbach alphas are reported.
^bStandard errors are reported. ^dComposite reliabilities are reported.
^eAVEs are reported.
 * $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

Table 70. Summary of PLS Effects and Fit Indices: Moderating Role of Competitive Intensity

HIV/AIDS care providers(N=85)											
Structural relations											
Dependent variable											
	Financial performance		Revenue from services		Cash flow from operations		Overall business performance				
Independent variable	β^a (SE ^b)	t-value	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value			
Market orientation	-.37(.40)	.94(NS)	-.28(.31)	.92(NS)	-.58(.40)	1.44(NS)	-.62(.42)	1.49(NS)			
	Corporate donor performance		Foundation donor performance		Government donor performance		Philanthropic donor performance				
Independent variable	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value	β (SE)	t-value			
Market orientation	.25(.30)	.84	-.37(.39)	.90	-.49(.31)	1.59(NS)	-.72(.38)	1.90*			
Fit indices											
Constructs	α^c	ρ_c^d	ρ_v^e	R ²	F ²	Constructs	α	ρ_c	ρ_v	R ²	F ²
Market orientation	.97	.97	.73	-	-	Government donor performance	1.00	1.00	1.00	.27	.07
Competitive intensity	.82	.89	.73	-	-	Philanthropic donor performance	1.00	1.00	1.00	.32	-.02
Financial performance	1.00	1.00	1.00	.45	-.13	Revenue from services	1.00	1.00	1.00	.42	.18
Corporate donor performance	1.00	1.00	1.00	.32	-.08	Cash flow from operations	1.00	1.00	1.00	.40	.05
Foundation donor performance	1.00	1.00	1.00	.27	.00	Overall business performance	1.00	1.00	1.00	.58	-.03

^aPLS product indicator estimates are reported. ^cCronbach alphas are reported.
^bStandard errors are reported. ^dComposite reliabilities are reported.
^eAVEs are reported.
 * $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

Table 71. Summary of PLS Effects and Fit Indices: Moderating Role of Technology Turbulence, Model 1

HIV/AIDS care providers (N=85)											
Structural relations											
Dependent variable											
	Financial performance		Revenue from services		Cash flow from operations		Overall business performance				
Independent variable	β^a (SE ^b)	t-value	β (SE)	t-value	β (SE)	t-value	β^a (SE ^b)	t-value			
Market orientation	-.27(.32)	.84(NS)	-.42(.32)	1.32(NS)	-.62(.36)	1.71*	-.55(.37)	1.48(NS)			
Fit indices											
Constructs	α^c	ρ_c^d	ρ_v^e	R ²	F ²	Constructs	α	ρ_c	ρ_v	R ²	F ²
Market orientation	.97	.97	.73	-	-	Revenue from services	1.00	1.00	1.00	.42	.15
Technology turbulence	.91	.94	.79	-	-	Cash flow from operations	1.00	1.00	1.00	.43	-.13
Financial performance	1.00	1.00	1.00	.45	.26	Overall business performance	1.00	1.00	1.00	.61	.06

^aPLS product indicator estimates are reported.

^bStandard errors are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

^cCronbach alphas are reported.

^dComposite reliabilities are reported.

^eAVEs are reported.

Table 72. Summary of PLS Effects and Fit Indices: Moderating Role of Technology Turbulence, Model 2

HIV/AIDS care providers (N=83)											
Structural relations											
Dependent variable											
	Innovativeness		New service development		Overall business performance						
Independent variable	β^a (SE ^b)	t-value	β (SE)	t-value	β (SE)		t-value				
Technology orientation	-.21(.27)	1.24(NS)	-.33(.29)	1.10(NS)	-.45(.29)		1.58(NS)				
	Financial performance		Revenue from services		Cash flow from operations						
Independent variable	β (SE)	t-value	β (SE)	t-value	β (SE)		t-value				
Technology orientation	-.28(.29)	1.58(NS)	-.40(.35)	1.16(NS)	-.33(.29)		1.13(NS)				
Fit indices											
Constructs	α^c	ρ_c^d	ρ_v^e	R ²	F ²	Constructs	α	ρ_c	ρ_v	R ²	F ²
Technology orientation	.85	.93	.87	-	-	Financial performance	1.00	1.00	1.00	.46	.30
Technology turbulence	.91	.94	.79	-	-	Revenue from services	1.00	1.00	1.00	.40	.14
Innovativeness	.96	.97	.85	.62	.16	Cash flow from operations	1.00	1.00	1.00	.44	.30
New service development	.94	.96	.84	.60	.33	Overall business performance	1.00	1.00	1.00	.63	.31

^aPLS product indicator estimates are reported.

^bStandard errors are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

^cCronbach alphas are reported.

^dComposite reliabilities are reported.

^eAVEs are reported.

5.3.3. MEDIATED EFFECTS IN REVISED MODELS

Two revised PLS structural models test the role of mediators. Figure 4 predicts that TO and DR mediate the MO-performance relationship. Figure 5 assumes that customer-, employee-, and innovation- mechanisms are process variables that mediate the MO-performance relationship.

Figure 4. Revised Model of Main Study #1: Structural Relations of Market Orientation

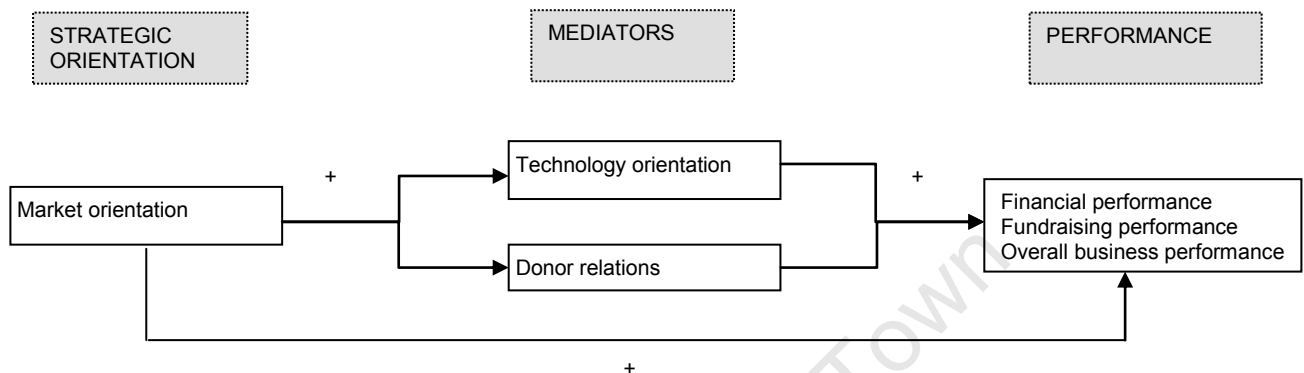
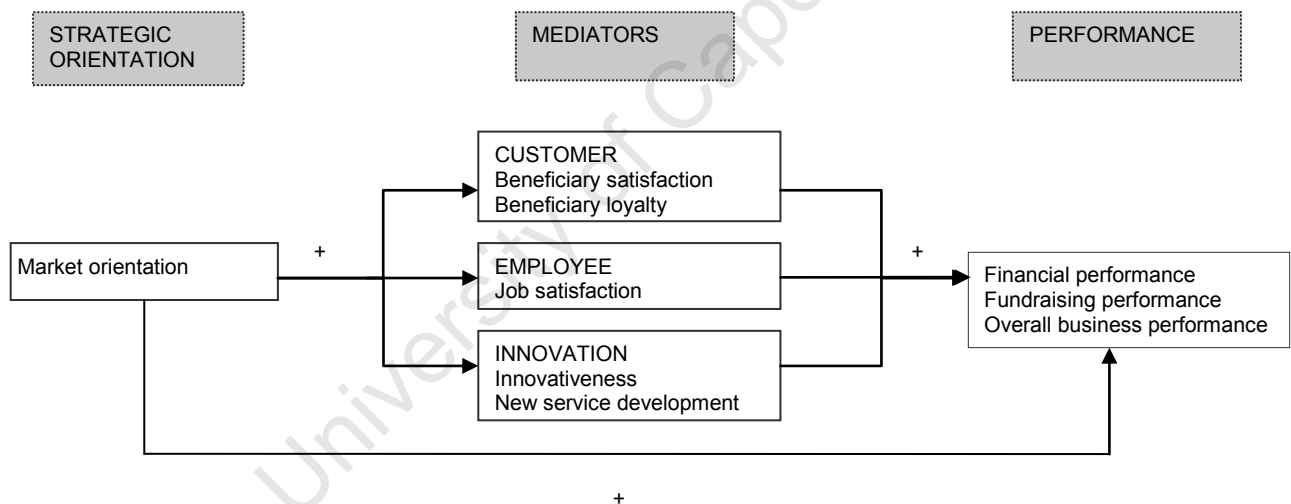


Figure 5. Revised Model of Main Study #2: Structural Relations of Market Orientation



Tables 73 and 74 present the direct and total effects of MO on subjective measures of financial, fundraising, and overall business performance. A set of mediating variables pass through these direct relations. Tables 73 and 74 also summarise the robustness of these models and the reliability and validity of constructs. The PLS models are robust and the Cronbach alpha and composite reliability of subjective measures were above .84.

Table 73. Summary of PLS Effects and Fit Indices: Mediating Role of Technology Orientation and Donor Relations

HIV/AIDS care providers (N=85)																
Structural relations																
Dependent variables																
Technology orientation																
Donor relations																
Independent variable	β^a		t-value		β		t-value		β		t-value		β		t-value	
Market orientation	.76		4.22***		.84		5.04***									
Corporate donor performance				Foundation donor performance				Government donor performance				Philanthropic donor performance				
Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect		
Mediating variables	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
Technology orientation	.02	.09(NS)	.53	2.93**	.39	1.80*	.49	2.40*	.04	.19(NS)	.43	1.89*	.45	1.56(NS)	.45	1.84*
Donor relations	.18	.74(NS)	.53	2.93**	.00	.02(NS)	.49	2.40*	.35	1.28(NS)	.43	1.89*	-.07	.02(NS)	.45	1.84*
Financial performance				Revenue from services				Cash flow from operations				Overall business performance				
Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect		
Mediating variables	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
Technology orientation	.28	1.66*	.64	3.41***	.19	.59(NS)	.61	2.82***	.38	2.13*	.55	2.31*	.34	2.47*	.69	2.93**
Donor relations	.38	1.65(NS)	.64	3.41***	.44	1.86*	.61	2.82***	.55	2.48**	.55	2.31*	.52	2.52*	.69	2.93**
Fit indices																
Constructs	α^c	ρ_c^d	ρ_v^e	R^2	F^2	Constructs	α	ρ_c	ρ_v	R^2	F^2					
Market orientation	.97	.97	.75	-	-	Philanthropic donor performance	1.00	1.00	1.00	.25	-.06					
Technology orientation	.85	.93	.86	.58	.52	Financial performance	1.00	1.00	1.00	.50	.36					
Donor relations	.96	.97	.86	.71	.61	Revenue from services	1.00	1.00	1.00	.43	.38					
Corporate donor performance	1.00	1.00	1.00	.29	.15	Cash flow from operations	1.00	1.00	1.00	.49	.41					
Foundation donor performance	1.00	1.00	1.00	.31	.00	Overall business performance	1.00	1.00	1.00	.63	.52					
Government donor performance	1.00	1.00	1.00	.22	.20											

^aPLS path coefficients are reported.

^bCronbach alphas are reported.

* $p < .05$, ** $p < .01$, *** $p < .001$, NS=non-significant

^cComposite reliabilities are reported.

^dAVEs are reported.

Table 74. Summary of PLS Effects and Fit Indices: Mediating Role of Customer, Employee, and Innovation Consequences

HIV/AIDS care providers (N=81)																
Structural relations																
Dependent variables																
	Beneficiary satisfaction		Beneficiary loyalty		Job satisfaction		Innovativeness		New service development							
	Direct		Direct		Direct		Direct		Direct							
Independent variables	β^a	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value		
Market orientation	.88	5.81***	.84	4.78***	.82	3.87***	.64	2.68**	.50	3.20**						
Corporate donor performance				Foundation donor performance				Government donor performance				Philanthropic donor performance				
	Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect	
Mediating variables	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
Beneficiary satisfaction	.71	1.55(NS)	.53	2.83**	.09	.20(NS)	.49	2.29*	.61	1.29(NS)	.43	1.80*	.11	.26(NS)	.45	1.77*
Beneficiary loyalty	-.22	.68(NS)	.53	2.83**	.12	.29(NS)	.49	2.29*	-.31	.80(NS)	.43	1.80*	-.18	.49(NS)	.45	1.77*
Job satisfaction	-.02	.06(NS)	.53	2.83**	.22	.71(NS)	.49	2.29*	-.12	.38(NS)	.43	1.80*	.47	1.54(NS)	.45	1.77*
Innovativeness	.06	.28(NS)	.53	2.83**	.16	.84(NS)	.49	2.29*	.15	.75(NS)	.43	1.80*	.22	1.14(NS)	.45	1.77*
New service development	-.09	.44(NS)	.53	2.83**	-.06	.23(NS)	.49	2.29*	-.02	.06(NS)	.43	1.80*	-.11	.48(NS)	.45	1.77*
Financial performance				Revenue from services				Cash flow from operations				Overall business performance				
	Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect		Direct effect		Total effect	
Mediating variables	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
Beneficiary satisfaction	.17	.43(NS)	.64	5.81***	.10	.26(NS)	.60	2.55*	.21	.53(NS)	.55	2.09*	.22	.66(NS)	.69	2.62*
Beneficiary loyalty	.03	.09(NS)	.64	5.81***	.13	.37(NS)	.60	2.55*	-.10	.32(NS)	.55	2.09*	.14	.49(NS)	.69	2.62*
Job satisfaction	.25	.86(NS)	.64	5.81***	-.10	.38(NS)	.60	2.55*	.12	.44(NS)	.55	2.09*	.18	.78(NS)	.69	2.62*
Innovativeness	.23	1.13(NS)	.64	5.81***	.18	1.02(NS)	.60	2.55*	.22	.94(NS)	.55	2.09*	.30	2.11*	.69	2.62*
New service development	-.11	.47(NS)	.64	5.81***	.05	.17(NS)	.60	2.55*	.07	.30(NS)	.55	2.09*	.02	.09(NS)	.69	2.62*
Fit indices																
Constructs	α^c	ρ_c^d	ρ_v^e	R ²	F ²	Constructs	α	ρ_c	ρ_v	R ²	F ²					
Market orientation	.97	.97	.75	-	-	Foundation donor performance	1.00	1.00	1.00	.30	.11					
Beneficiary satisfaction	.91	.94	.79	.77	.60	Philanthropic donor performance	1.00	1.00	1.00	.31	.14					
Beneficiary loyalty	.97	.98	.89	.71	.62	Financial performance	1.00	1.00	1.00	.53	.21					
Job satisfaction	.92	.94	.72	.68	.47	Revenue from services	1.00	1.00	1.00	.40	.15					
Innovativeness	.96	.97	.85	.41	.34	Cash flow from operations	1.00	1.00	1.00	.36	.18					
New service development	.94	.96	.84	.48	.40	Overall business performance	1.00	1.00	1.00	.62	.31					
Corporate donor performance	1.00	1.00	1.00	.36	.04											

^aPLS path coefficients are reported.

^bCronbach alphas are reported.

^c $p < .05$, ^{**} $p < .01$, ^{***} $p < .001$, NS=non-significant

^cComposite reliabilities are reported.

^dAVEs are reported.

5.3.3.1. *MEDIATING ROLE OF TECHNOLOGY ORIENTATION*

MO has a large direct effect on TO and significant total effects on subjective performance measures. Likewise, TO has a noteworthy positive effect on four performance measures: foundation donor performance, subject financial performance, cash flow from operations, and overall business performance. Therefore, TO is a partial mediator of the relationship between MO and foundation donor performance, subjective financial performance, cash flow from operations, and overall business performance.

5.3.3.2. *MEDIATING ROLE OF DONOR RELATIONS*

MO positively affects DR. In addition, DR has a strong direct effect on revenue from services, cash flow from operations, and overall business performance. Via the indirect effect of DR, MO also has small to large total effects on all organisational performance measures. Therefore, DR acts a partial mediator of the relations of MO and three performance measures: revenue from services, cash flow from operations, and overall business performance.

5.3.3.3. *MEDIATING ROLE OF INNOVATIVENESS*

MO has a positive and robust effect on beneficiary satisfaction and loyalty, job satisfaction, innovativeness and new service development. It has a significant total effect on all measures of organisational performance, via these process variables. However, only innovativeness has a critical direct effect on overall business performance. Hence, the direct and total predictive effects explain that innovativeness is partial mediator of the MO-overall performance link.

In Chapter 5, key findings were presented on focus group discussions and descriptive statistics and heterogeneity tests. Central tendency values and univariate normality scores for continuous measures were also communicated. Subsequently, a substantial number of direct and indirect effects of complex PLS structural models are discussed. Chapter 6 interprets the findings derived from the measurement respecification process and the PLS structural modelling method of predicting complex relationships in hypothesised and revised models. In addition, it offers the implications and limitations of my main study's findings and recommendations for future studies and HIV-AIDS care providers and their donors.

CHAPTER 6 DISCUSSION

The main objective of the present research is to (a) assess the generalisability of market orientation theory to the context of the HIV/AIDS care provision industry in emerging markets and (b) examine the effects of market orientation, technology orientation, and donor relations on financial, customer, employee, innovation and overall business performance. Market orientation and donor relations scales were adapted for use in the current research and a meta-analysis was conducted to provide more precise estimates of the direction and size of effects in the emerging markets and not-for-profit organisation contexts. Hypotheses were motivated by theoretical expectations for the South African and HCP industry context and assessed systematically using structural equation modelling. The results of the research confirmed the hypothesised relations in 16 of 21 hypotheses.

This section discusses these results, focusing in particular on unexpected findings. It provides a comparison of the results in the current research to those of previous meta-analyses. The chapter is organised in the following way. First, I present an overview of the hypothesised model findings. Next, the main effects of the hypothesised model are discussed. Then, moderated and mediated effects are discussed. The measurement properties of scales is then discussed and the contribution and limitations of the current research follow. Finally, directions for future research and practical recommendations for HIV-AIDS care providers and their donors are provided.

6.1. OVERVIEW OF HYPOTHESISED MODEL FINDINGS

Although I will discuss the precise effects of my study in more detail in the proceeding sections, I can only draw conclusions with the direction (not strength) of LVPLS effects tested in the hypothesised model. A relatively small sample of HCPs was surveyed and structural models were relatively complex. Therefore, I could only employ a variance technique such as LVPLS. When LVPLS is used to rigorously and systematically test hypotheses, LVPLS estimates have ‘consistency at large’ when the sample size is large and there are many MVs (Chin, Marcolin & Newsted, 2003). Besides, the PL algorithms of LVPLS and the covariance technique of LISREL, which uses the ML algorithm, estimate factor models differently. Therefore, I am unable to compare effects across my main study and precise ES estimates of this study’s EM and Kirca, Jayachandran and Bearden’s (2005) meta-analyses.

Table 75 summarises the hypothesised direction of effects with the actual findings of this study as well as those reported in the EM and Kirca, Jayachandran and Bearden (2005) meta-analyses. I can conclude, with some degree of certainty, that the majority of the main study's hypotheses were accepted. More specifically, the actual direction of five out of twenty-one hypotheses did not match their expected direction. Donor relations had a negative effect on donor fundraising performance. Regulatory turbulence, in general, had no effects on the relationship between MO and its identified antecedents. Competitive intensity had a positive moderating effect on market orientation and corporate fundraising performance. Technology turbulence had a suppression effect on the relationship between MO and its innovation consequences.

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Table 75. Summary of Direct and Indirect PLS Effects in Hypothesised Model

Direct Effects	Main study		Meta-analysis studies	
	Expected	Actual	EM	Kirca, Jayachandran & Bearden (2005)
Top management emphasis -> Market orientation	+	+	+	+
Willingness to take risks -> Market orientation	-	-	+	-
Market-oriented reward systems -> Market orientation	+	+	+	+
Centralisation of authority -> Market orientation	+	+	+	-
Formalisation of systems -> Market orientation	+	+	+	-
Interdepartmental connectedness -> Market orientation	+	+	+	+
Interdepartmental conflict -> Market orientation	+	+	+	-
Organisational experience -> Market orientation	+	+	NA	NA
Market orientation -> Beneficiary satisfaction	+	+	+	+
Market orientation -> Beneficiary loyalty	+	+	+	+
Market orientation -> Job satisfaction	+	+	+	+
Market orientation -> Innovativeness	+	+	+	+
Market orientation -> New service development	+	+	+	+
Market orientation -> Financial performance	+	+	+	+
Market orientation -> Fundraising performance	+	+	NA	NA
Market orientation -> Overall business performance	+	+	+	+
Market orientation -> Throughput	+	+	NA	NA
Technology orientation -> Innovativeness	+	+	+	+
Technology orientation -> New service development	+	+	NA	NA
Technology orientation -> Financial performance	+	+	NA	NA
Technology orientation -> Fundraising performance	+	+	NA	NA
Technology orientation -> Overall business performance	+	+	NA	NA
Technology orientation -> Throughput	+	+	NA	NA
Donor relations -> Financial performance	+	+	NA	NA
Donor relations -> Fundraising performance	+	+/-	NA	NA
Donor relations -> Overall business performance	+	+	NA	NA
Donor relations -> Throughput	+	+	NA	NA

Moderator Effects	Main study		Meta-analysis studies	
	Expected	Actual	EM	Kirca, Jayachandran & Bearden (2005)
Regulatory turbulence* Top management emphasis -> Market orientation	-	-	NA	NA
Regulatory turbulence * Willingness to take risks -> Market orientation	-	-	NA	NA
Regulatory turbulence * Market-oriented reward systems -> Market orientation	-	0	NA	NA
Regulatory turbulence * Centralisation of authority -> Market orientation	-	0	NA	NA
Regulatory turbulence * Formalisation of systems -> Market orientation	-	0	NA	NA
Regulatory turbulence * Interdepartmental connectedness -> Market orientation	-	-	NA	NA
Regulatory turbulence * Interdepartmental conflict -> Market orientation	-	0	NA	NA
Beneficiary turbulence * Market orientation -> Financial performance	-	-	NA	NA
Beneficiary turbulence * Market orientation -> Fundraising performance	-	-	NA	NA
Beneficiary turbulence * Market orientation -> Overall business performance	-	-	-	NA
Donor turbulence * Market orientation -> Fundraising performance	-	-	NA	NA
Donor turbulence * Market orientation -> Overall business performance	-	-	NA	NA
Competitive Intensity * Market orientation -> Financial performance	-	-	NA	NA
Competitive Intensity * Market orientation -> Fundraising performance	-	+/-	NA	NA
Competitive Intensity * Market orientation -> Overall business performance	-	-	+	NA
Technology turbulence * Market orientation -> Financial performance	-	-	NA	NA
Technology turbulence * Market orientation -> Overall business performance	-	-	NA	NA
Technology turbulence * Technology orientation -> Innovativeness	0	-	NA	NA
Technology turbulence * Technology orientation -> New service development	0	-	NA	NA
Technology turbulence * Technology orientation -> Financial performance	-	-	NA	NA
Technology turbulence * Technology orientation -> Overall business performance	-	-	NA	NA

Furthermore, the actual direction of two hypotheses did not match the direction of disattenuated estimates reported in this study's EM meta-analysis. Willingness to take risks had a negative effect on MO. Competitive intensity had a suppression effect on the relationship between MO and overall business performance.

In addition, the actual direction of three hypotheses did not the direction of disattenuated estimated reported in Kirca, Jayachandran and Bearden's (2005) meta-analysis. Centralisation, formalisation, and interdepartmental conflict had positive effects on MO.

6.2. MAIN EFFECTS OF HYPOTHESISED MODEL

6.2.1. MAIN EFFECTS OF ANTECEDENTS ON MARKET ORIENTATION

MO theory appears to partially generalise to South Africa HCPs. Boundary conditions were expected and theoretically motivated in the current research. Rewards related to customers, competitors and industry seldom motivate HCPs to become market-oriented. Unconventional incentives and schemes that evoke feelings of altruism and/or belonging are potentially more effectual in promoting market-oriented behaviours. However, I am sure that this is the case because I did not test unconventional incentives and intrinsic motivators.

In addition, market-oriented behaviours are not supported if HCPs must make risky decisions. HCPs avoid uncertainty because they abide by rules, rather than act impulsively. Therefore, they are averse to initiatives or strategies that deplete their modest investments and donor funds. However, the effect of risk aversion on MO in EMs may not be significant for South African HCPs. In general, HCPs are more confident in their abilities to carry out established projects, which are more likely to succeed year-after-year. Mariki Victor, senior manager of the University of the Western Cape Robin Island Museum Mayibuye Archives, clarified this point in this study's qualitative research by stating that "I would like to try and experiment with new approaches and ideas, but management often will restrict innovative behaviours. Money is scarce in the NGO world. We are more careful in our approaches."

Some antecedent relations are consistent with those established in the EM meta-analysis study. Centralisation of authority, formalisation of rules and policies, and interdepartmental conflict do not inhibit market-oriented behaviours. It can be assumed that hierarchy and embeddedness, cultural orientations of managers in EMs, influence MO and antecedent relations. "Thus, market orientation in EMs may help overcome the inertia of vertical information sources and traditional practices so that firms can understand and respond to customer preferences" (Burgess & Steenkamp, 2006: 343). Nonetheless, some antecedent relations are consistent with Kirca, Jayachandran and Bearden's (2005) meta-analytic findings. Top management emphasis and interdepartmental connectedness encourage

market-oriented behaviours, irrespective of institutional and industry context.

6.2.2. MAIN EFFECTS OF MARKET ORIENTATION ON CONSEQUENCE MEASURES

Consistent with prior research (see Kirca, Jayachandran & Bearden, 2005), MO has positive effects on identified consequences. Market-oriented behaviours contribute considerably to beneficiary and employee satisfaction and loyalty. These behaviours motivate HCPs to adopt innovative behaviours and help them to create new services. Market-oriented behaviours also attract corporate, foundation, government, and philanthropic donor funding, increase revenue from services and cash flow from operations, and facilitate the achievement of overall business performance. Despite the fact that market-oriented HIV/AIDS NPOs avoid redundant job hiring and limit tasks to core employees, employees are not obligated to serve to a larger base of beneficiaries.

While market-oriented behaviours increase revenue from services and cash flow from operations, they somewhat decrease the annual net income of market-oriented HIV/AIDS NPOs.

6.2.3. MAIN EFFECTS OF TECHNOLOGY ORIENTATION ON CONSEQUENCE MEASURES

Consistent with prior research (Gao, Zhou & Yim, 2007), the benefits of being technology-oriented are apparent. TO stimulates the generation of innovative ideas and simplifies processes that require the development of new services. It improves overall business performance. While TO does not increase revenue from services, it increases cash flow from operations and helps HIV/AIDS NPOs accrue marginal net income per annum.

HCPs who adopt and integrate technologies into their organisations do not necessarily decrease employee numbers but rather serve more beneficiaries per employee. Despite the benefits of being technology-oriented, HIV/AIDS NPOs are required to financially invest more into their businesses since TO somewhat increases the annual total cost per beneficiary.

6.2.4. MAIN EFFECTS OF DONOR RELATIONS ON CONSEQUENCE MEASURES

Intense interactive communication with donors and the adoption of systems and structures that manage donor relationships helps South African HIV/AIDS NPOs become more effective and efficient. It helps HCPs save their organisations' financial capital. Cash flow from operations increase and the annual net total income marginally increases. In other words, HCPs who build strong DR share their achievements and concerns in the initial stages of their discussions with a set of interested donor groups and philanthropists. They make use of infrastructure to continue building trusting and loyal not-for-profit and donor relationships

(Fournier, Dobscha & Mick, 1998). Over time, HCPs interact less with unresponsive donors and, therefore, are able to put aside some of their savings.

Since DR is long-term strategy, it will not necessarily help HCPs gain more financial and in-kind contributions. During the first three years of DR execution, foundations and philanthropists may decrease their financial support and corporate sponsorship and government subsidies may not increase. Moreover, annual total cost per beneficiary increases because more internal stakeholders of HIV/AIDS NPOs need to communicate and interact face-to-face with donors and more beneficiaries per employee need to be served.

6.3. MODERATED EFFECTS OF HYPOTHESISED MODEL

6.3.1. MODERATING ROLE OF REGULATORY TURBULENCE

While my findings from the EM meta-analysis suggest that the regulatory context affects the relations of MO and identified antecedents, my main study found that excessive changes in legislation and regulatory inefficiency do not necessarily diminish the positive effects of antecedents of market-orientation on market-oriented behaviours. I am not sure why this finding is inconsistent with my expectations and reported findings from the EM meta-analysis.

6.3.2. MODERATING ROLE OF COMPETITIVE ENVIRONMENT

Although South African HCPs do not compete in the commercial sense, they are rivals for funds and beneficiaries. They must respond to intense competition created by globalisation (Kumar & Subramanian, 1998), which affects them directly and indirectly through beneficiaries and donors. In particular, competitive intensity hinders the positive effect of MO on philanthropic donor performance. However, competitive intensity improves the positive effect of MO on corporate donor performance. Although I can only speculate, it may be that corporate donors introduce HCPs to moderate to high levels of competition by intentionally and unintentionally expecting HCPs to practice market-oriented behaviours of commercial firms. Beneficiary and donor turbulence obstruct the positive influence of MO on overall business performance, which is comparable to moderator effects uncovered in this study's EM meta-analysis.

During periods of extreme technological change, HCPs who adopt and integrate technology into their organisations deplete their financial investments and develop fewer services because technology requires large capital funds. Nonetheless, regardless of whether HCPs adopt technology or not, they are driven to become innovative during technological turbulence. Novel ideas and exploratory behaviour calls for imagination and not necessarily

technical expertise and financial resources.

6.4. MEDIATED EFFECTS OF REVISED MODELS

6.4.1. MEDIATING ROLES OF DONOR RELATIONS AND INNOVATION

There are two important routes to increase HCP performance: donor relations and innovation. MO improves performance by increasing the likelihood of attracting donor funding and/or by increasing revenue from services, irrespective of the type of services provided by South African HCPs. The adoption of sophisticated technologies, innovative approaches, and interactive communication portals improves performance by increasing service quality, inter-organisational and stakeholder communication, and operational efficiencies, which may reduce reliance on donor funding. Consistent with Kirca, Jayachandran and Bearden's (2005) meta-analysis, market-oriented behaviours facilitate the adoption of a cultural readiness and appreciation for innovation; thus, enabling HCPs to achieve superior business performance (Prahalad, 2005). Deshpandé & Farley (2002) provide similar indirect effects for commercial firms that provide services to EM customers.

6.4.2. MISSING MEDIATING ROLE OF CUSTOMER SATISFACTION

Despite the benefits of customer satisfaction improvements for commercial firm customers (see Szymanski & Henard, 2001 and Kirca, Jayachandran & Bearden, 2005), market-oriented HCPs who improve service quality will not increase their overall business performance. Additional costs are required to grow the customer base. As a result, South African HCPs who serve more beneficiaries at nominal rates are unable to sustain their business operations.

6.5. CONSTRUCT MEASUREMENT

My study's findings showed that several constructs had low internal reliability. I am not certain why these constructs were unreliable except that the use of the established method of Cronbach alpha to assess scale reliability often ignores heterogeneity that exists in EMs. This may be one of the reasons why scale reliability in EMs often is lower than in HICs (Alden, Steenkamp and Batra, 2006; Deshpandé & Farley, 2004). Because scales with lower coefficient alpha reliabilities are to be expected in EMs, I do not assume that revised constructs used to test hypotheses in the HCP context affected the direction of my main study's structural relations. Deshpandé and Farley (1999: 10) defend the low reliability of their measures in their Vietnamese study, "reliabilities of the scale measurement in Vietnam, while directionally correct, were weaker than in Japan".

Conversely, my study's findings showed that related constructs, including MO, TO and DR, indeed prove to be operationally distinct when I assessed discriminant validity using

Steenkamp and van Trijp's method (1991).

6.5.1. STRATEGIC ORIENTATION CONSTRUCTS

The final shortened strategic orientation scales exhibit good measurement properties. The unidimensional, 12-item MO construct, which had a high internal reliability of .87, measures a not-for-profit manager's ability to conduct market-oriented behaviours. Key attributes of the measure include: 1) activity-based-items; 2) a focus on beneficiaries and the forces that drive their needs and preferences; 3) an emphasis on research to monitor the market and macro- environments; and 4) a commitment to respond to poor service. The unidimensional 5-item DR construct, which had high internal reliability of .83, assesses the not-for-profit manager's ability to cultivate an interactive communication approach with donors and employ systems and structures that manage their donor relationships. The 2-item TO construct, which had an internal reliability of .62, evaluates a manager's ability to adopt technology to improve service delivery and increase efficiency and to integrate affordable technologies into new services.

6.5.2. CUSTOMER AND EMPLOYEE CONSTRUCTS

The multidimensional, 15-item SERVQUAL, which had a high internal reliability of .91, construct measured five dimensions of service quality. A 4-item beneficiary satisfaction construct, which had low (.52) to high (.86) internal reliabilities for HCPs, HCSs and their beneficiaries, examined a set of attitudes towards the quality of services, the ability to meet personal needs, the dependability of HCPs, and overall satisfaction of beneficiaries. A 5-item beneficiary loyalty construct, which had high internal reliabilities of at least .80 for HCPs, HCSs and their beneficiaries, determines the extent to which beneficiaries state positive things about their HCPs, recommend and encourage other people to seek their services, and continue to use the HCP services. The job satisfaction construct had low reliability and convergent validity. Nevertheless, it assessed levels of overall job and career advancement satisfaction and rapport with beneficiaries, other employees, and supervisors. Items, which referred to fees and pay/benefits, were eliminated in beneficiary and job satisfaction constructs.

6.5.3. STAKEHOLDER HETEROGENEITY

Stakeholder groups of South African HIV/AIDS NPOs hold different views in terms of satisfaction. HCPs and their beneficiaries report contradictory levels of beneficiary satisfaction and service quality. HCPs and HCSs report conflicting levels of job satisfaction. Construct non-equivalence, according to tests of known group validity, warrant two

conclusions. First, HCPs are perhaps unfamiliar with the needs of their supporters and beneficiaries. Second, the predictive effects of MO on beneficiary satisfaction and job satisfaction, in fact, may be overestimated for the HCP sample.

Beneficiary perceptions of HCPs vary across market segments. Compared to beneficiaries of social services agencies and healthcare providers, beneficiaries of charities perceive their HCPs as relatively less reliable, safe, and attentive. Compare to Indian South Africans and foreigners, white and black South African beneficiaries perceive HCPs as less reliable, responsive, safe, and empathic. One-way tests of ANOVA may imply that charities are unable to offer services that are acceptable to beneficiaries and that HCPs have difficulty satisfying their white and black South African beneficiaries.

6.6. CONTRIBUTION OF CURRENT RESEARCH

The contributions of this study are conceptual, cross-cultural, and practical. The most interesting contribution is that some elements of MO theory do not appear to generalise to the context of HCPs in South Africa. Two important routes to increase HCP performance are innovation and donor relations. Given measurement invariance across HCPs and their stakeholders, HCPs may to reassess the needs of their stakeholders in order to match their performance expectations.

The meta-analysis highlights boundary conditions for MO theory in the EM institutional context. The meta-analysis of prior MO research in EMs shows that national institutional systems shape managerial leadership style as well as administrative systems and structures. It reveals that managers in EMs emphasise tradition, loyalty, and group solidarity and are governed by procedures and formalities.

Finally, although the scales require further validation in larger samples, NPO researchers and HCP managers may find it very beneficial to employ the MO and DR scales.

6.7. LIMITATIONS

Several methodological issues warrant consideration for future research. Two issues present concerns in terms of generalisability across South Africa. First, this study's sample of beneficiaries may not be representative of the rest of South Africans who receive HIV/AIDS services. The majority of Western Cape beneficiaries who participated in the main study were Black and Coloured. However, government statistics report the majority of HIV/AIDS patients are Black South Africans. However, customer consequence scales proved exceptionally reliable and valid using this study's sample of 452 beneficiaries. Second, the HCP sample comprised of less than 100 sample units. Out of 210 registered Western Cape

HIV/AIDS NPOs, more than half could not be reached. Moreover, some managers refused participation before fieldwork; others cancelled fieldwork interviews or neglected to return completed surveys after requesting more time to complete their surveys. Non-response bias may have occurred due to selection artefacts and respondent fatigue. These two sampling issues could have been avoided if a representative sample of HIV/AIDS NPOs participated from all provinces and if fewer constructs were introduced in the informant survey.

In spite of the rigorous pretesting, adapted constructs had a few items with undesirable measurement properties. Some revised constructs were invalid for one or more respondent groups according to reliability and confirmatory factor analyses. Moreover, TO ad market-oriented intent did not meet acceptable levels of Cronbach alpha. If this study offered HCPs a standard definition for technology, it could have improved the reliability of TO. Fortunately, the four offending market-oriented intent items were measured by other scale items and could be dropped without compromising measurement of the underlying construct.

Moreover, acquiescence bias was tested for and detected in two constructs and may have been present in other constructs. An effective way to neutralise acquiescence bias is to reverse the wording of scale items (Baumgartner & Steenkamp, 2001). Nonetheless, most of my scale items were positively worded since other EM researchers have found that negatively worded items cause problems (Wong, Rindfleisch, & Burroughs, 2003). While the main reason for this phenomenon is not well understood (Burgess & Steenkamp, 2006), in the spirit of Farley and Lehmann's (1994) work on bias and cultural response, my method of operationalising and capturing constructs in a straight-forward fashion was to avoid non-response due to cognitive complexity which particularly affects many cultural-ethnic groups within South Africa (Steenkamp & Burgess, 2002).

Finally, while study examined the indirect effects of seven mediators on the MO-organisational performance relationship, it did not explore the indirect effects of strategic flexibility, service (or product) orientation, fundraising orientation, and collaboration orientation. Strategic flexibility may accommodate HCPs during cycles of regulative uncertainty and competition because it enables businesses to become agile and versatile in their strategies (Grewal & Tansuhaj, 2001). A service (or product) orientation may help HCPs achieve a sustainable competitive advantage and help them avoid short periods of erratic beneficiary behaviour (Hammond & Prahalad, 2004). A fundraising orientation, essentially a selling orientation towards donors, may be practical during short periods of competitive intensity (Homburg & Jensen, 2007). A collaboration orientation, the equivalent to an alliance orientation, may be ideal for resource-poor organisations that must meet the

needs of a growing base of beneficiaries. It may also be useful for resource-rich organisations that want to remove competition, shield the effects of technological change, achieve cost-efficiencies, and ultimately operate as profitable businesses (Álvarez-González, Santos-Vijande & Vásquez-Casielles, 2002).

6.8. DIRECTIONS FOR FUTURE RESEARCH

Although marketing researchers and practitioners may benefit from using adapted constructs, this study's constructs need to be revalidated using larger samples. Deleted scale items need to be revised to reduce cognitive complexity and ultimately assist diverse communities to complete marketing constructs.

Supplementary methods were employed to assess the validity of key constructs. Norms for summated scales were established and compared across informant and respondent groups. Straightforward 3-point ordinal and 2-point interval scales were used to cross-validate MO and TO constructs. Future studies need to use valid measures from other studies to cross-validate this study's constructs. The Billiet and McClendon's (2000) method of assessing acquiescence bias was also performed to test SDR. Future studies should incorporate this test, besides traditional methods of pre-testing and pilot studies, to assess SDR across respondent groups.

Moreover, studies interested in testing direct and total predictive effects with PLS should include at least one hundred respondents in their sample and more indicators per construct to increase the accuracy of the true score estimates (Bagozzi & Yi, 1988).

Jaworski and Kohli (1993) noted that the impact of organisational factors on MO might be contingent on context and implementation. Internal stakeholders of South African HIV/AIDS NPOs are heterogeneous in personalities and human values. Their identification with an organisation and its substructures, preference for reward allocation, stance on cooperation and conflict, and approach to learning can be influenced by their individual differences (He, Chen & Zhang, 2004; Luo, Slotegraff & Pan, 2006; Schlegelmilch & Subramanian, 2000). Future studies may need to test the moderating effects of individual personalities, motivations, and human values of internal stakeholders on nonsignificant antecedent and MO relations.

6.9. RECOMMENDATIONS TO HIV/AIDS CARE PROVIDERS

It is especially important for the South African HCPs to orient themselves towards beneficiaries and build strong relationships with donors. Long-lasting relationships built on open and frank communication can help donors and HCPs to manage expectations, mitigate

communication barriers, and introduce innovative strategies that can benefit both parties. Market-oriented prevention and intervention campaigns and projects give beneficiaries an opportunity to live meaningful and productive lives, promote family interests, and assist community prosperity (Hansler, 1986). Likewise, Therefore, HCPs may achieve their organisational objectives by following a set of recommendations.

6.9.1. DIAGNOSE LEVELS OF STRATEGIC ORIENTATION

South African HCPs should assess their levels of strategic orientation by using the context-specific and comparative measures of MO and DR. These measures are relatively easy to administer and interpret and especially helpful in providing useful diagnostic information. South African NPOs can use them to identify possible strategies for improved performance, isolate one or more problem areas in strategic management, and address these deficiencies in future intervention efforts. NPOs must initially record a base level of behaviours and resources within their organisations. Then, having established how well other comparable organisations fare in their area, NPOs can evaluate themselves against their competitors or collaborators. As they implement their intervention programmes, NPOs should quantitatively chart their progress in order to target MO and DR levels that need improvement.

6.9.2. CAPITALISE ON MARKET-ORIENTED SYSTEMS AND STRUCTURES

South African HCPs should not be overly concerned that moderate levels of centralisation, formalisation, and inter-organisational conflict may diminish market-oriented behaviours. In fact, these organisational characteristics are associated with increased information dissemination and exchange of ideas across organisations. Consequently, HCPs can devise communication portals and administrative systems that will eliminate repetitive tasks and increase the speed of service delivery. They can build more policies towards beneficiary service delivery in order to increase satisfaction levels. They can engage in interdepartmental conflict to facilitate market-oriented behaviours.

HCPs who are willing to take risks need to identify cost-efficient, tolerable, and sensible market-oriented behaviours. HCPs need to hone in on learning systems that assist them to become more market-oriented, including sales and inventory tracking systems, performance reviews, and business scenario planning. They should hire or contract experienced marketers, PR or communication and ICT rather than relying exclusively on accountants and fundraisers. Finally, HCPs may want to evaluate each employee to identify the subtle and substantial stimuli that help employees become market-oriented and stay satisfied.

HCPs should manage uncertainty that stems from the regulatory environment (Achrol,

1991). When they see unforeseen rules and regulations surfacing in macroenvironment, HCPs need to institute systems, which prevent regulatory decisions from undermining their market-oriented behaviours.

6.9.3. EMPLOY MARKET-ORIENTED BEHAVIOURS TO ATTRACT BENEFICIARIES AND FUNDING

HCPs should accelerate service delivery, fulfil their promises, and keep accurate records. They should notify beneficiaries when services will be performed, become more accessible to beneficiaries, give them more attention, and be concerned with their interests. In addition, HCPs may need to improve their offices and infrastructure such as technological equipment.

If HCPs execute strategies that react to the macro-environment and respond to the concerns of beneficiaries, in due course, they can galvanise superior customer satisfaction (Slater & Narver, 1994b). Once beneficiaries are generally satisfied, they become long-time patrons. In the presence of significant switching barriers, HCPs who learn more about their beneficiaries and their needs are able to offer value-added services to achieve higher levels of beneficiary loyalty.

Market orientation has a beneficial effect on performance but its effects have limitations. The effect of MO on overall business performance may become negative as competition and/or market turbulence increase. MO should not be overemphasised if market-oriented behaviours oblige staff to satisfy beneficiaries but invariably limit the organisation from affording basic service delivery. In addition, MO cannot overcome deficiencies in expertise or dire financial circumstances in which overheads exceed business capital.

6.9.4. EMPLOY MARKET-ORIENTED BEHAVIOURS TO HARNESS INNOVATION

Technology is a key differentiator in the creation, communication, and delivery of value to consumers (Bolton, 2005). Market-oriented HCPs who adopt advanced technologies are able to transfer information more efficiently, lessen the financial burden of redundancy, and improve service delivery. Consequently, they are able to streamline business practices and increase cash flow from operations.

HCPs should use ICT to deliver more timely and detailed data. Recent advances in ICT also improve the identification, acquisition, and management of information. For example, smart phones, online databases, the Internet, and email can help HCPs conduct better research. Invariably, mobile technologies that support interactive chat programmes such as Mxit™ and sophisticated telephone and video conferencing systems such as Skype™ may increase some variable costs. When used correctly, ICT systems that integrate open sources software can intensify coordination and responsiveness and meanwhile minimise operational

costs. These technologies can also decrease monetary and time costs associated to travel and face-to-face meetings. Two-way information flows through these ICT systems help HCPs provide feedback and support to fieldworkers. They help avoid crisis due to miscommunication and strengthen the bond between organisational networks.

In order to increase revenue from services and cash flow from operations, HCPs should also become innovative. Upgrading out-date technologies and incorporating them with e-marketing tools such as e-CRM can improve staff morale, decrease staff turnover, increase sales, and intensify positive word-of-mouth (Boulding *et al.*, 2005). These integrated marketing methods can help HCPs to distinguish loyal vs. non-loyal beneficiaries and to document and maintain records on their behaviours.

New technologies or innovative centralised management systems accessible on the intranet and stored on external servers build linkages and associations for different kinds of data from incompatible systems and databases (Pralhad, 2005). They enhance the speed of data capturing and transfer and delivery of information. They foster better data quality because fieldworkers enter the data and validate it at the source. Centralised management systems extract response specific inquires and less the financial burden of redundancy and duplication. They allow for rapid feedback of information to the field and reinforce skills and knowledge of fieldworkers. They ensure information is easily accessible for all departments, satellite offices, and centres.

However, these systems must be intuitive to use in order to reduce avoidable decentralisation of authority, to allow for quicker and more informed decision-making, and to enhance the distribution of services. They must have features such as search engines and user-friendly approaches to upload and download content. While technology does fail, it is the responsibility of HCPs to build the capacity of users in order to smooth the progress of their daily routines and act as a potential rewards system.

Innovative programmes such as CSI can help HCPs to acquire more revenue or funds from donors, protect them from the macro-environment (i.e. economic recession in EMs), and pay towards the adoption of technologies or the development of new services. However, HCPs need to match their organisational values with CSI in order to translate their brand with that of their sponsored firm. Otherwise, funding will be sustained for the short-term.

While innovative programmes such as customer service training may be useful for private NPOs in HICs, it may be more beneficial for HCPs to charge beneficiaries minimal fees for services rendered. HCPs may also want to establish secondary sources of income (i.e. start a bed-and-breakfast or catering business, consult to other NPOs or even the South African

government) as long-term investments, which will help generate cyclical revenue.

6.9.5. EMPLOY MARKET-ORIENTATED BEHAVIOURS TO BUILD DONOR RELATIONS

Market-oriented behaviours ensure that long-term, interactive relationships with donors help improve organisational effectiveness by increasing revenue from services and cash flow of operations (Ramani & Kumar, 2008). Market-oriented HCPs interested in forging mutually beneficial long-term relationships with donors must develop a directory of donors and set up structures that can correspond to them appropriately. Market-oriented HCPs are able to discriminate from the diverse platform of donors by gathering and circulating information on beneficiaries and competitors across the organisation, responding to beneficiary criticisms and fluctuations in their numbers, and executing strategies to counter unpredictable environments. They decrease unnecessary communication with donors that are unapproachable. They increase donation patterns by courting donors who match their organisational mission. Ultimately, market-oriented behaviours can aid HCPs to retain sources of income from other revenue streams and maintain long-term fundraising performance from large corporations with CSI, international foundations, and philanthropists.

A donor relations database is a promising system that HCPs can devise to build process efficiencies and increase communication between two mutually beneficial parties. This virtual database may be viewed on web and mobile interfaces much like Facebook. It must be password protected but easy to access in order for groups of donors, organisations, and policy makers to check each other's profiles and assist HCPs to become more responsive to them and their beneficiaries. Marketing and annual reports can be also located on this web-interface in order to cut costs associated to printing. HCPs should exploit free faxing services (i.e. 086-100-1000) and Skype via the Internet. Moreover, if funds are available, HCPs should purchase copiers and scanners that are fixed to computers along with smart phones with email and Internet features.

6.10. RECOMMENDATIONS TO DONORS

Donors can use the DR construct as an important benchmark to assess their sponsored NPOs as well as improve dialogue during transactional and relational stages of not-for-profit and donor negotiations.

In addition, international and local foundations (i.e. Save the Children, Oxfam, MTN Foundation, National Lotteries Board of South Africa) interested in funding projects should investigate the feasibility of managing or designing a DR database for their sponsored NPOs. This database will help foundations manage their collaborations with hundreds of HCPs.

The private sector (i.e. Dell) and South African government may need to consider the practicability of designing ITC systems for HCPs and integrating open-source software that is user friendly. The private sector and government can design and support these ICT systems and upgrade them biannually.

Donors are unfamiliar with the performance of their HCPs. Hence, the private sector (i.e. Deloitte and Touché, JPMorgan) may need to educate foundations and HCPs on the importance of financial reporting and auditing. They should also devise a financial tracking system for HCPs and their donors to access effortlessly the latest financial reports so that donors can make informed funding decisions. Conversely, the private sector should try to implement cross-country financial management centres.

Philanthropists and faith-based foundations (i.e. Caritas, Frere des Hommes, Christian AID) should help HCPs design an advanced referral system that electronically tracks HCPs that offer beneficiaries supplementary services. When funding HCPs, they also must be certain that their values are compatible. In particular, they should be cautious if FBOs push their faith agendas rather than critically assess the needs of beneficiaries.

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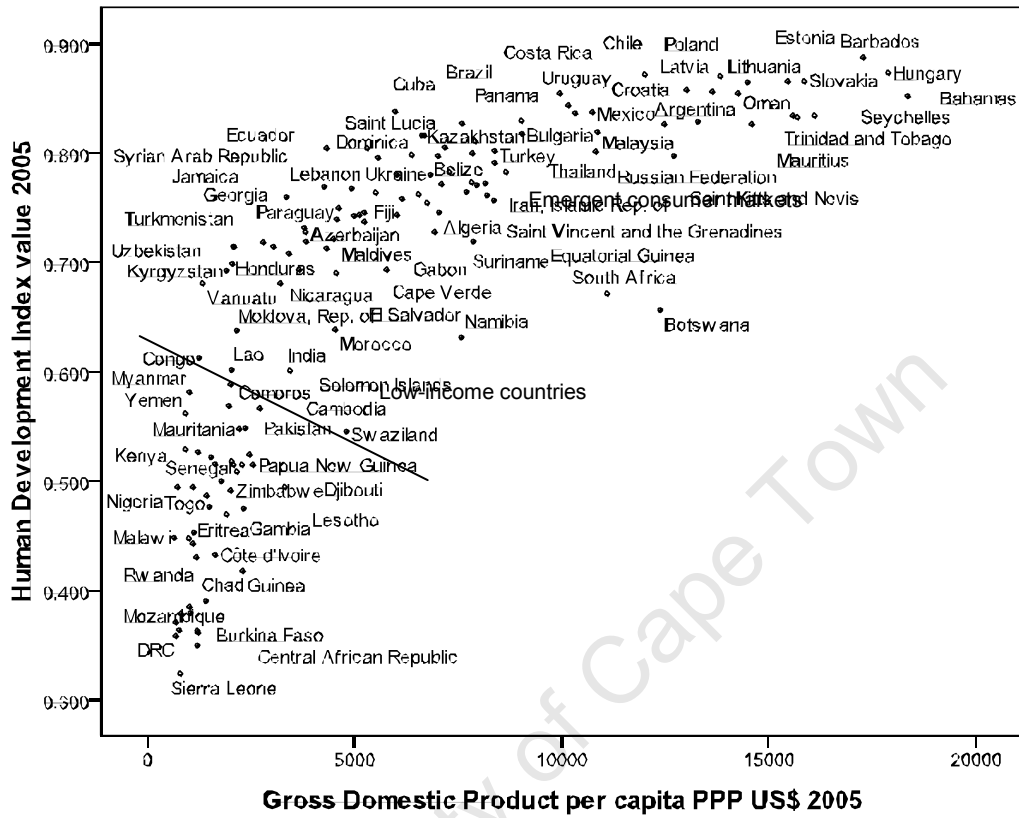
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APPENDICES

7.1. APPENDIX A

7.1.1. CLASSIFYING EMERGING MARKETS

Figure 6. Scatterplot: HDI vs. GDP on Emerging Markets



Adapted Burgess & Nyajeka (2007)

7.1.2. DESCRIPTIONS OF INSTITUTIONAL SYSTEMS

Table 76. Measures of Socioeconomic Systems

Socioeconomic Systems	Description	Source
Economy		
Gross Domestic Product	The total output of goods and services for final use produced by residents and non-residents and any product taxes (less subsidies) not included in the value of output. It accounts for price differences across countries.	UNDP Human Development Reports (2008)
Gross Domestic Product per capita adjusted for purchase power parity (GDP _{PC} , PPP)	PPP adjusted GDP _{PC} converted to USA dollars and smoothed for three-year currency fluctuations, 2006, measures domestic growth and economic performance. It communicates development levels across countries for the purposes of most marketers. It excludes remittances from other countries, which inflate the contributions made by country residents.	UNDP Human Development Reports (2008)
International Poverty Line	The percentage of the population living below the specified poverty line at \$2 a day at 1985 international prices (equivalent to \$2.15 at 1993 international prices), adjusted for PPP, 2000 to 2004. National estimates are based on population-weighted subgroup estimates from household surveys.	World Bank World Development Indicators (2008)
Global Competitiveness Index (GCI)	A composite index of factors driving productivity and competitiveness including institutions, infrastructure, macro-economy, health and primary education, higher education and training, market efficiency, technological readiness, business sophistication, and innovation, 2006.	World Economic Forum (2008)
International Trade		
Gross Private Capital Flows	The sum of the absolute values of direct, portfolio, and the investment inflows and outflows recorded in the balance of payments financial account, excluding changes in the assets and liabilities of monetary authorities and general government, 2006. The indicator is calculated as a ratio to GDP in USA dollars.	World Bank World Development Indicators (2008)
Foreign Direct Investment (FDI)	The net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor, 2006. It is the sum of equity capital, reinvestment of earnings, and other short- and long-term capital, as show in the balance of payments. The series of net inflows is divided by the value of GDP.	World Bank World Development Indicators (2008)
Merchandise Trade	The sum of merchandise exports and imports divided by the value of GDP, 2006. Data are given in current million USA dollars.	World Bank World Development Indicators (2008)
Current Account Balance	The sum of net exports of goods, services, net income, and net current transfers, 2006.	IMF Financial Statistics and data files (2006)

Money Supply		
Consumer Price Index	The cost to the average consumer of acquiring a basket of goods and services that may be fixed or may change annually, 2006.	IMF Financial Statistics and data files (2006)
GDP Implicit Price Deflator	The average annual rate of price change in the economy as a whole, 2006. It takes into account changes in government consumption, capital formation (including inventory appreciation), international trade, and the household final consumption expenditure. It reflects changes in prices for total GDP in USA dollars.	World Bank World Development Indicators (2008)
Credit and Debit		
Net Aid _{PC}	Official development assistance and official aid per capita at current USA dollars, 2006. It is calculated by dividing nominal total net aid by midyear population. The ratio offers some indication of the importance of aid flows in sustaining per capita income and consumption levels, although exchange rates, aid flows, and other factors vary across countries and over time.	World Bank World Development Indicators (2008)
Use of IMF Credit	Repurchase obligations to the IMF for all uses of IMF resources at current USA dollars, 2006.	World Bank World Development Indicators (2008)
Domestic Credit to Private Sector	The financial resources provided to the private sector, such as through loans, purchases of nonequity securities, and trade credits, and other accounts receivable, that establish a claim for repayment, 2005. For some countries these claims include credit to public enterprises.	World Bank World Development Indicators (2008)
Energy, Infrastructure and Transportation		
Electric Power Consumption	The production of power plants and combined heat and power plants less transmission, distribution, and transformation losses and own use by heat and power plants, 2005.	UN Division for Sustainable Development Consumption and Production Database (2006)
Paved Roads	The percentage of paved roads as proxy for road quality, 2006.	World Bank World Development Indicators (2008)
Passenger Cars	The number of passenger cars per 1,000 people, 2006.	World Bank World Development Indicators (2008)
Two-Wheelers	The number of two-wheelers per 1,000 people, 2006.	World Bank World Development Indicators (2008)

Communications		
Households with Televisions	The percentage of households with at least one television set, 2004.	ITU World Telecommunication Development Report (2006)
Personal Computers	The number of personal computers, per 1,000 people, 2004.	ITU World Telecommunication Development Report (2006)
Internet Users	The number of users with access to the worldwide network, per 1,000 people, 2004.	ITU World Telecommunication Development Report (2006)
Secure Servers	The number of secure servers, per 1,000 people, 2004.	ITU World Telecommunication Development Report (2006)
Mobile Phone Subscribers	The number of subscribers to an automatic public mobile telephone service that provides access to the public switched telephone network using cellular technology, per 1,000 people, 2004.	ITU World Telecommunication Development Report (2006)
Population		
Crude Birth Rate	The number of live births occurring during the year, per 1,000 population, estimated in 2006 midyear.	World Bank World Development Indicators (2008)
Fertility Rate	The total number of children that would be born to each woman if she were to live to the end of her child-bearing years and bear children at each age in accordance with prevailing age specific fertility rates, 2002 to 2007.	World Bank World Development Indicators (2008)
Urban Density	The percentage of population classified as urban, estimated in 2006 midyear.	UN Millennium Development Goal Indicators (2008)
Urban Population Growth	The average annual exponential growth rate for the period indicated, 2006.	World Bank World Development Indicators (2008)

Consumption		
Gini index of inequality	The index measures the extent to which the distribution of income (or consumption) among individuals or households within a country deviates from a perfectly equal distribution, 2006. The index ranges from complete equality (0) to complete inequality (1) where one person has all the income or consumption and all others have none.	World Bank World Development Indicators (2008)
Household Final Consumption Expenditure	The market value of all goods and services, including durable products (such as cars, washing machines, and home computers), purchased by households as a percentage of GDP, 2006.	World Bank World Development Indicators (2008)
Human Development		
Human Development Index (HDI)	It is composite index measuring a country's economic and social wellbeing. The three basic dimensions of human development are i) long and healthy life, ii) knowledge, and iii) a decent standard of living, 2006.	UNDP Human Development Report (2008)
Improved Sanitation Facilities	The percentage of the urban and rural population as proportion of the total urban or rural population with at least adequate access to excreta disposal facilities that can effectively prevent human, animal, and insect contact with excreta, 2006. Improved facilities include a connection to a sewer or septic tank system, a pour-flush latrine, a simple pit latrine, or a ventilated improved pit latrine.	World Bank World Development Indicators (2008)
No Access to Improved Water Source	The percentage of the population without sustainable access to an improved water source, 2006.	UNICEF Development Reports (2006); WHO Library database (2006)
Health		
Private Health Expenditure	The direct (out-of-pocket) spending by households, private insurance, spending by not-for-profit institutions serving households (other than social insurance), and direct service payments by private corporations, as a percentage of GDP, 2005. In countries where the share of out-of-pocket spending is large, poor households may be particularly vulnerable to the impoverished effects of health care needs.	WHO Library database (2006)
Public Health Expenditure	The spending by central and local governments, including social health insurance funds as a percentage of GDP, 2006.	WHO Library database (2006)
Life Expectancy at Birth	The number of years a new-born infant would live if prevailing patterns of age-specified mortality rates at the time of birth were to stay the same throughout the child's life, 2000 to 2006.	UNDP Human Development Report (2008)
Hospital Beds	The total number of inpatient beds available in public, private, general, and specialised hospitals and rehabilitation centers per 1,000 people, 2005 and 2006. Usually beds for both acute and chronic care are included.	World Bank World Development Indicators (2008)
TB Cases Prevalence	The total number of patients in whom TB has been bacteriologically confirmed or diagnosed by a clinician, per 100,000 people, 2004.	WHO Library database (2006)
HIV Prevalence	The percentage of people ages 15 to 49 who are infected with HIV, 2005.	UNAIDS Global Report (2007)
Literacy and education		
Illiteracy Rate, Adult Total	The percentage of people ages 15 and older who cannot read and write a short, simple statement related to their everyday life, 2006.	UNESCO Institute for Statistics (2008)
Public Expenditure on Education	Public expenditure on educational institutions plus public subsidies to households (i.e. subsidies for living costs and other private entities) as a percentage of GDP and as a percentage of total public expenditure, by level of education and year, 2004 to 2006.	UNESCO Institute for Statistics (2008)

Table 77. Measures of Regulative Systems

Regulative Systems	Description	Source
Public Governance		
Political Rights and Civil Liberties	The scale assigns countries to free, partly free, and not free based on their demonstration and practice of democratic political rights and civil liberties, 2005. The scale ranges from 0 (free) to 7 (not free). A 'free' country is open to political competition, fosters a climate of respect for civil liberties, and consents to the independence of media and civic life. A 'partly free' country frequently suffers from an environment of corruption, weak rule of law, ethnic and religious strife, and often a single political party enjoys dominance despite the façade of limited pluralism. A 'not free' country does not possess basic political rights and basic civil liberties are widely and systematically denied.	Freedom House Freedom in the World Country Ratings (2007)
Political Constraints Index	A composite index that measures number of independent branches of administrative government with veto power, veto power over policy changes, and distribution of preferences across the government branches, 2004. The index ranges from 1 with government as most hazardous (no checks and balances) and 0 with government most constrained (extensive checks and balances).	Henisz (2005)
Voice and Accountability	The perceived level of civic voice and government accountability. It includes citizen participation in government elections, and granted freedoms of expression, association, and media, 2005. Scores based on percentile rank and lie between point estimates of -2.5 and 2.5, with higher scores corresponding to better outcomes.	Kaufmann, Kraay and Mastruzzi (2006)
Political Stability and Absence of Violence	The perceived likelihood that a government will be destabilised or overthrown by unconstitutional or violent means, including political violence and terrorism, 2005. Scores based on percentile rank and lie between point estimates of -2.5 and 2.5, with higher scores corresponding to better outcomes.	Kaufmann, Kraay and Mastruzzi (2006)
Government Effectiveness	The perceived quality of public service provision, quality of the bureaucracy, competence of civil servants, independence of the civil service from political pressures, and credibility of the government's commitment to policies. Scores based on percentile rank and lie between point estimates of -2.5 and 2.5, with higher scores corresponding to better outcomes.	Kaufmann, Kraay and Mastruzzi (2006)

Law Enforcement		
Confidence in Rule of Law	The perceived confidence in and acceptance of societal rules, 2005. It includes perceptions of the incidence of crime and violence, the effectiveness and predictability of the judiciary, and the quality of contract enforcement by the police and the courts. Scores based on percentile rank and lie between point estimates of -2.5 and 2.5, with higher scores corresponding to better outcomes.	Kaufmann, Kraay and Mastruzzi (2006)
Rule of Law and Order	The index measures law and order tradition in a country. The scale ranges from 0 (no tradition for law and order) to 10 (exceptionally high tradition for law and order). April and October months were averaged for years between 1982 and 1995. Data obtained from the International Country Risk Guide.	La Porta <i>et al.</i> (1998)
Efficiency of Judicial System	The index measures investor's perceived 'efficiency and integrity of the legal environment as it affects business, particularly foreign firms'. The scale ranges from 0 (lower efficiency) to 10 (higher efficiency) and scores are averaged for years between 1980 and 1983. Data obtained from the Business International Corp.	La Porta <i>et al.</i> (1998)
Courts and Property Rights	The percentage of managers surveyed who lack confidence in the judicial system to enforce contractual and property rights in business disputes in a country, 2005.	World Bank Enterprise Surveys (2006)
Risk of Expropriation	The index measures perceived risk of 'outright confiscation' or 'forced nationalisation'. The scale ranges from 0 (higher risk) to 10 (no risk). April and October months were averaged between 1982 and 1995. Data obtained from the International Country Risk Guide.	La Porta <i>et al.</i> (1998)
Risk of Contract Repudiation	The index measures perceived 'risk of a modification in a contract taking the form of a repudiation, postponement, or scaling down' due to 'budget cutbacks, indigenisation pressure, a change in government, or a change in government economic and social priorities'. The scale ranges from 0 (higher risk) to 10 (no risk). April and October months were averaged between 1982 and 1995. Data obtained from the International Country Risk Guide.	La Porta <i>et al.</i> (1998)
Contract Enforcement Days	The number of days to resolve a payment dispute through courts, 2003. Data are based on the methodology in Djankov <i>et al.</i> (2003) but describe the number of calendar days to enforce a contract of unpaid debt worth 50% of the country's GDP per capita.	Djankov, McLiesch and Shleifer (2007)
Business Disclosure Index (BDI)	The index measures the degree to which investors are protected through disclosure of ownership and financial information, 2005. The index ranges from 0 (less disclosure) to 10 (more disclosure).	World Bank Doing Business Project (2006)

Crime		
Property Crime	The percentage of car theft, theft from car, burglary with entry and attempted burglary, 1991-1999.	UNODC Crime Statistics (2004) La Porta <i>et al.</i> (1998)
Public corruption	The index measures perceived corruption in a government. Lower scores indicate that “high government officials are likely to demand special payments” and “illegal payments are generally expected throughout lower levels of government” in the form of “bribes connected with import and export licenses, exchange controls, tax assessment, policy protection, or loans.” April and October months were averaged between 1982 and 1995. Data obtained from the International Country Risk Guide.	
Corruption Perception Index (CPI)	A composite index to determine levels of corruption within countries using 16 sources of expert assessments and opinion surveys discerned by business people, academics, and country risk analysts. The index ranges from 10 (highly clean) to 0 (highly corrupt).	Transparency International Global Corruption Report (2006)
Corruption for private gain	The perceived level of corruption, conventionally defined as the exercise of public power for private gain, 2005. It includes petty and grand forms of corruption and the ‘capture’ of the state by elites and private interests. Data are from polls of experts and surveys. Scores are based on percentile rank and lie between point estimates of -2.5 and 2.5, with higher scores corresponding to better outcomes.	Kaufmann, Kraay and Mastruzzi (2006)
Ownership		
Ownership by Shareholders	The average percentage of common shares owned by the three largest shareholders in the 10 largest nonfinancial, privately owned domestic firms in a given country. A firm is considered privately owned if the state is not a known shareholder in it. Data were obtained from Moodys International, CIFAR, EXTEL, WorldScope, 20-Fs, Price-Waterhouse and other country sources.	La Porta <i>et al.</i> (1998)
Average Market Capitalisation	The average sum derived from the current stock price per share times the total number of shares outstanding, in millions of USA dollars, 2007.	World Bank World Development Indicators (2008)
Government Influence	The central government total expense as a percentage of GDP, 2004. Expense is cash payments for operating activities of the government in providing goods and services. It includes compensation of employees (such as wages and salaries), interest and subsidies, grants, social benefits, and other benefits such as rent and dividends.	IMF Government Finance Statistics Yearbook (2005)
State Owned Enterprise (SOE) Influence	SOE activity as a percentage of GDP. For Central and Eastern Europe, it is government spending as percentage of GDP, 1994-1997.	Hoskisson <i>et al.</i> (2000)

Shareholder Rights		
Voting or Representation	Cumulative voting is casting all shareholder votes for one candidate standing for election to the board of directors. Proportional representation is a mechanism of proportional representation in the board by which minority interest may name a proportional number of directors to the board. A dummy variable of 1 suggests the company law or commercial code allows cumulative voting or proportional representation and 0 denotes otherwise.	La Porta <i>et al.</i> (1998)
Oppressed Minorities Mechanism	When minority shareholders object to certain fundamental changes, such as mergers, asset dispositions, and changes in the articles of incorporation, they are either granted a judicial venue to challenge the decisions of management or of the assembly or the right to step out of the company by requiring the company to purchase their shares. A dummy variable of 1 suggests the company law or commercial code grants these mechanisms to minority shareholders who own 10 percent of share capital or less and 0 denotes otherwise.	La Porta <i>et al.</i> (1998)
Pre-emptive Rights to New Issues	Shareholders have the opportunity to buy new issues of stock and this right can be waived only by a shareholder's vote. A dummy variable of 1 suggests the company law or commercial code grants this waiver and 0 denotes otherwise.	La Porta <i>et al.</i> (1998)
Creditor Rights		
Creditor Rights	A composite index of creditor rights. The index ranges from 0 (weak creditor rights) to 4 (strong creditor rights). A score of 1 is assigned when the following secured lending rights are defined by a country law and regulation: 1) there are restrictions, such as creditor consent or minimum dividends, for a debtor to file for reorganisation; 2) secured creditors are able to seize their collateral after the reorganisation petition is approved (i.e. there is no "automatic stay" or "asset freeze"); 3) secured creditors are paid first out of the proceeds of liquidating a bankrupt firm, as opposed to other creditors such as government or workers; 4) if management does not retain administration of its property pending the resolution of the reorganisation. Data were obtained from Bankruptcy Laws and Surveys of Bankruptcy Lawyers 1978 to 2003.	Djankov, McLiesch and Shleifer (2007)
Financial Information Infrastructure (FIII)	A composite index based on 10 measures. Six measures cover scope, quality, and availability of credit reporting data and the existence of a basic legal framework for credit reporting. Four measures cover the availability of public registry data for collateral and corporate registries, and court records. The index ranges from 0 (less developed) to 10 (more developed).	World Bank World Development Indicators (2008)
Restrictions for Going into Reorganisation	Reorganisation procedures impose restrictions, such as creditor's consent, to file for reorganisation. A dummy variable of 1 suggests bankruptcy and reorganisation laws impose restrictions and 0 denotes no such restrictions.	La Porta <i>et al.</i> (1998)

Taxation		
Taxes	Taxes on income, profits, and capital gains as a percentage of total taxes, 2006.	World Bank World Development Indicators (2008)
Time to Prepare and Pay Taxes	The time, in hours per year, it takes to prepare, file, and pay (or withhold) three major types of taxes (i.e. the corporate income tax, the value added or sales tax, and labour taxes, including payroll taxes and social security contributions), 2005.	World Bank Doing Business Project (2006)
Total Tax Payable by Businesses	The total amount of tax payable by a business, except for labour taxes, after accounting for deductions and exemptions as a percentage of gross profit, 2005.	World Bank Doing Business Project (2006)
Corporate Governance		
Regulatory Quality	The incidence of market-unfriendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business development, 2005. Scores based on percentile rank and lie between point estimates of -2.5 and 2.5, with higher scores corresponding to better outcomes.	Kaufmann, Kraay and Mastruzzi (2006)
Public Registry	Public authorities (i.e. the Central Bank or Banking Supervisory Authority) own a database on the standing of borrowers in the financial system and make it accessible to financial institutions. A dummy variable 1 indicates a public credit registry operates in the country and 0 denotes otherwise. Data were obtained from Survey of Banking Supervisors 1978 to 2003.	Djankov, McLiesch and Shleifer (2007)
Private Bureau	A private commercial firm or NPO maintains a database on the standing of borrowers in the financial system and facilitate exchange of information amongst banks and financial institutions. A dummy variable 1 indicates a private credit bureau operates in the country and 0 denotes otherwise. Data were obtained from Survey of Banking Supervisors 1978 to 2003.	Djankov, McLiesch and Shleifer (2007)
Information Sharing	A dummy variable 1 indicates a private bureau or public registry exists in the country and 0 denotes otherwise. Data were obtained from Survey of Banking Supervisors 1978 to 2003.	Djankov, McLiesch and Shleifer (2007)

Business Development		
Micro, Small and Medium Enterprises (MSMEs)	The number of businesses defined by the number of employees, 2000 to 2004. MSMEs make use of 0 to 249 employees.	World Bank Small Medium Enterprises data files (2006)
Time to Start a Business	The average number of calendar days spent to complete the procedures to legally launch and operate a commercial or industrial firm with up to 50 employees, 2006. An indicator that identifies the bureaucratic and legal hurdles an entrepreneur must overcome to incorporate and register a new firm.	World Bank Doing Business Project (2006)
Time to Close a Business	The average number of years to complete the procedure of closing a business, 2006. An indicator that identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process.	World Bank Doing Business Project (2006)
Cost to Procure a Business License	The official cost to obtain necessary licenses and permits when building a warehouse, to complete required notifications and inspections and to obtain utility connections as a percentage of income per capita, 2006.	World Bank Doing Business Project (2006)
Cost to Register Property	The costs, such as fees, transfer taxes, stamp duties, and any other payment to the property registry, notaries, public agencies or lawyers, 2006. The cost is expressed as a percentage of the property value, based a property value of 50 times income per capita. It assumes a standardised case of an entrepreneur who wants to purchase land and a building in the largest business city—already registered and free of title dispute.	World Bank Doing Business Project (2006)
Business Constraints		
Policy Uncertainty	The percentage of senior managers surveyed who ranked economic and regulatory policy uncertainty as a major or very severe business constrain, 2005.	World Bank Enterprise Surveys (2006)
Tax Rates	The percentage of senior managers surveyed who ranked tax rates as a major or very severe business constraint, 2005.	World Bank Enterprise Surveys (2006)
Corruption	The percentage of senior managers surveyed who ranked corruption as a major or very severe business constraint, 2005.	World Bank Enterprise Surveys (2006)
Labour		
Rigidity of Employment Index (REII)	A composite index that measures the regulation of employment, specifically the difficulty in hiring and firing workers, 2006. It is the average of three subindices: a difficulty in hiring index, the rigidity of the regulations on working hours, and level of difficulty in firing a 'redundant' worker. The index ranges from 0 (less rigid) to 100 (more rigid).	World Bank Doing Business Project (2006)
Unemployment	The percentage of total labour force (i.e. all people above a specified age) not having paid employment or self-employed, but available for work and have taken specific steps to seek paid employment or self-employment, 2004.	World Bank World Development Indicators (2008)

Table 78. Measures of Cultural Systems

Cultural Systems	Description	Source
Schwartz Cultural Value Orientations		
Affective Autonomy	High scores suggest national cultures ruled by values of pleasure, excitement, and varied life.	Schwartz (2007)
Intellectual Autonomy	High scores suggest national cultures ruled by values of broadmindedness, curiosity, and creativity.	Schwartz (2007)
Embeddedness	High scores suggest national cultures ruled by social order, respect for tradition, security, obedience, and wisdom.	Schwartz (2007)
Egalitarianism	High scores suggest national cultures ruled by equality, social justice, responsibility, help, and honesty.	Schwartz (2007)
Hierarchy	High scores suggest national cultures ruled by values of social power, authority, humility, and wealth.	Schwartz (2007)
Mastery	High scores suggest national cultures ruled by ambition, success, daring, and competence.	Schwartz (2007)
Harmony	High scores suggest national cultures ruled by world at peace, unity with nature, and protecting the environment.	Schwartz (2007)
Hofstede Cultural Dimensions		
Individualism/collectiveness	High scores relate to individualistic societies in which bonds among individuals are instable and low scores relate to collective societies, which are incorporated into strong, cohesive units.	Hofstede (2007)
Power Distance Index	High scores suggest that society expects that greater power will be exercised by a selected few and low scores suggest that members of the society should have equal rights.	Hofstede (2007)
Masculinity/ femininity	High scores suggest societies are inclined toward to be masculine, assertive, and competitive and low scores suggest societies are feminine, modest, and caring.	Hofstede (2007)
Uncertainty Avoidance	High scores imply cultures avoid uncertainty, are more emotional and 'motivated by inner nervous energy'. Low scores are indicative of cultures that are more tolerant of opinions foreign to them, less rule abiding but more impulsive, and less expressive with their emotions but more introspective.	Hofstede (2007)
Time Orientation	High scores are associated with values of long-term orientation thrift and perseverance and low scores are associated with short-term orientation respect for tradition, fulfilling social obligations, and protecting one's 'face'.	Hofstede (2007)
Cultural Level Social Axiom Indices		
Dynamic Externality	High scores imply cultures are superficially oriented, simplistic in their appreciation in external forces such as fate and a supreme being but engaged in social systems to confront environmental complexities and anticipate success in the process.	Bond <i>et al.</i> (2004)
Societal Cynicism	High scores are indicative of cultures which consider the censorship of powerful groups as invasive and feel continuously subjected to the negative effects of inflexible and self-interested individuals, groups, and public institutions.	Bond <i>et al.</i> (2004)

7.2. APPENDIX B

7.2.1. BASIC APPROACHES TO META-ANALYSIS

The advancement of marketing as a science depends on the critical assessment of previous research and the identification of unanswered research questions (Kuhn, 1962). If the assessment is flawed or if it fails to capture the accumulated learning from previous studies, then the research will focus on problems of questionable importance and make a lesser contribution to our understanding of management problems (Barwise, 1995; Bass, 1995; Burgess & Steenkamp, 2006). This highlights the importance of the meta-analysis in modern management research.

The traditional narrative literature review is an attempt to introduce in a contributing manner a collection of knowledge. It is “not based on primarily new facts and findings, but on publications containing such primary information, whereby the latter is digested, sifted, classified, simplified, and synthesised” (Mantel, 1973). The traditional narrative literature review, in particular, considers generalisations and criticisms as useful tools for theoretical development. It builds linguistic bridges to the extant literature. Besides, it makes use of research outcomes and methods, theories and practices.

In spite of its impact, the literature review process offers conflicting findings from primary studies, thus impeding the scientific process. Therefore, scholars agree that the meta-analytic approach is a potentially more objective alternative. The meta-analysis synthesises research findings across a large body of independent studies. It summarises data with the effect size, an “objective and standardised measure of the magnitude of the observed effect” (Field, 2005).

Researchers have three basic options when designing a meta-analysis. Vote counting is the tabulation of significantly positive, significantly negative, and nonsignificant findings (Hunter & Schmidt, 2004). It is a convenient and useful method for calculating effect size estimates (e.g. means, standard deviations, test statistic values) and provides information on whether the hypotheses being tested for causal relations are statistically significant (Bushman, 1994). This method has four serious limitations. First, conclusions are often derived from false negative or false positive results since primary studies are not subjected to rigorous statistical tests (Hunt, 1997a). Second, an increase in the number of primary studies exacerbates the bias toward finding nonsignificant effects (Hedges & Olkin, 1985). Third, a degree of statistical significance cannot be guaranteed (Hunter & Schmidt, 2004). Finally, inferences on the size of an effect are not offered.

The combination of significance levels across studies method tests whether an assumed

relationship is present in the population studied (Becker, 1994). The method uses p -values, which measure how predictable the behaviour of a population can be under certain conditions. These values can be drawn from any test statistic representing a substantive hypothesis of interest. Even if studies use dissimilar sampling designs and analyses, under the null hypothesis the resultant p -values are identically distributed. And so, evidence from a range of studies can be synthesised. Nevertheless, the method introduces several shortcomings. It does not offer very detailed information, specifically on the magnitude of effect. Equally important, the variability of effect size across studies is not explained (Geyskens, Cunha & Steenkamp, 2005). Because of these two limitations, the interpretation of meta-analytic findings can be vague and, to some extent, puzzling. It is difficult to ascertain how many studies arose from negative or positive results and query contradictory effects.

While researchers do employ methods of vote-counting and combination of significance, the meta-analysis process of statistically integrating empirical findings presents a more accurate portrait of accumulated findings in the literature (Lipsey & Wilson, 2001). Its use of the effect size has several advantages. First, it specifies the magnitude and direction of the relationship of interest. Second, it estimates the true size of an effect in a population since it corrects for bias and error. Third, the accumulation of samples helps confirm assumptions of statistical significance. Fourth, in the course of standardising findings across studies, the procedure addresses the likelihood of variability. While the Hedges and Olkin (1985) and Rosenthal (1991) techniques are available, the Hunter and Schmidt (2004) technique is largely employed by strategic management and marketing researchers.

Although critics (e.g. Begg, 1994; Cortina, 2003) find the meta-analysis is vulnerable to confusion based on publication bias and incorrect use of moderating variables, it is an indispensable tool for both the researcher and manager of strategic marketing. The powerful nature of statistical integration technique lends creditability to the researcher's literature review. Ideally, variability in the form of sample errors can be resolved and explained among a set of variables with the use of artefact correction techniques. At the same time, the meta-analysis searches for moderators of the observed effects in order to offer informed decisions for its readers (Franke, 2001). While its application enables researchers to discover consistencies in a pool of inconsistent findings, the meta-analysis serves a stimulator for future research efforts (Eisend, 2004). It also simplifies theory development and testing by providing data to be analysed with structural equation models (Viswesvaran & Ones, 1995).

The meta-analysis is receiving so much attention in recent years because it is platform for

scientific knowledge to be shared among researchers and practitioners. The meta-analysis helps practitioners arrive at more accurate conclusions (Hunter & Schmidt, 2004). The meta-analysis generalises a set of variables for an extensive collection of contextual backgrounds including national cultures and countries (Farley & Lehmann, 2001). In addition, it spells out best practices for businesses to implement.

7.2.2. ASSUMPTIONS OF META-ANALYSIS

7.2.2.1. *FIXED EFFECTS MODEL*

By pooling an unspecified collection of studies, mixed effects models instituted by Kirca, Jayachandran and Bearden (2005) and Rodriguez Cano, Carrillat and Jaramillo (2004) inherently hide incongruities across countries, cultures, and environments (Lipsey & Wilson, 2001). In order to analyse the distribution of effect sizes and test for homogeneity in the studies, I adopted the fixed effects model for the current research (Hedges & Vevea, 1998). Fixed effects models often substantiate rather than contradict conventional assumptions. Samples should be sufficiently similar, but non-identical (i.e. observed effect sizes of eligible studies correspond to a population effect) for the fixed effects model. Although effect size parameters are fixed, unknown constants are to be estimated, and used in conjunction with assumptions to justify homogeneity of effect parameters. Identifiable differences between studies are explained by subject-level sampling error or systematic sources captured in the coding protocol. Hence, the model helps explain expected moderator variability among studies.

7.2.2.2. *ELIGIBILITY CRITERIA*

Studies eligible for this study's meta-analysis had to meet five criteria. First, they needed to be peer-reviewed publications conducted from January 1995 to September 2007. Second, they had to be available in English. Third, market orientation and variants therefore, such as stakeholder orientation, were the only strategic orientation measures to be employed. Next, effect sizes needed to report the relations of MO with i) organisational performance, ii) customer consequences, iii) employee consequences, or iv) antecedents. Finally, studies within the EM institutional context or the NPO industry context were exclusively accepted. Although an imposed selection bias may have arisen, the meticulous adherence of such criteria guaranteed the exclusion of inappropriate data.

7.2.2.3. *LITERATURE SEARCH*

To guarantee an exhaustive representation of causal relations of MO in the literature, I conducted both online database and manual searches of empirical studies. I initially explored

abstracts for studies published using the keywords ‘market orientation’, ‘customer orientation’, and ‘stakeholder orientation’, ‘antecedents’ and ‘performance’ in online databases, including ABI/INFORM, Science Direct, and Wilson Business. I then conducted manual searches of journal article references from online database searches.

7.2.2.4. CODING SCHEMA

I prepared a coding form specifying the information to be mined from each study in order to reduce coding error (Lipsey & Wilson, 2001). I entered data in a relational database and coded for source descriptors (i.e. publication source, industry type, organisational context, country, publication tier) and effect size descriptors (scales represented in the effect size, sample size, subsample information, effect size, reliability of variables representing in effect size, type of statistical test of effect used in study).

7.2.2.5. INDEPENDENT SAMPLES

To assure mutual exclusivity, I reviewed multiple studies and compared the sample in each journal article. When I detected overlapping or duplicate samples, I retained the study reporting the more useable information for the meta-analyses and excluded the other studies.

7.2.3. TECHNICAL DETAILS OF META-ANALYSIS

7.2.3.1. SAMPLE DESCRIPTION

The literature search generated 54 studies in total. Out 35 MO studies conducted in EMs, I eliminated ten. These studies were not within the bounds of the eligibility criteria or found to be overlapping studies. The remaining 25 studies produced 304 individual effect sizes. Through a similar process, I found nine out of 19 not-for-profit MO studies conducted in HICs to be mutually exclusive and met the eligibility requirements. The eight journal publications and one dissertation produced 70 individual effect sizes.

I recorded more than 1,000 entries from descriptor variables (e.g. sample size, country, industry, organisational setting) and effect variables (e.g. type of MO scale, reliability of MO scale, type of performance scale, reliability of performance scale and effect size metric). I compared the data entries after a lag effect of six months and resolved inconsistencies.

A total of 4,369 subjects were used in the MO in EMs meta-analyses (refer to Table 79). Study sample sizes ranged from 80 to 573. These studies originated from 13 economies, including those in Asia (China, Thailand, India, Indonesia, Vietnam), Africa (Ghana, the Ivory Coast, Zimbabwe) and Central and Eastern Europe (Hungary, Slovenia, Poland, the Ukraine). A profile of the industry characteristics shows an unbalanced distribution leaning towards mixed industries rather a spread for manufacturing, service, and retail. The majority

of the respondents were top-level executives from large commercial firms, while marketing department and employee respondents were the minority sampled.

The NPO meta-analysis used 1682 subjects and the study sample sizes ranged from 58 to 453 (refer to Table 79). These studies originated from studies conducted in North America (USA, Canada) and Western Europe (Spain, United Kingdom). The majority of the respondents were top-level executives from hospitals. Marketing and fundraising respondents from arts/cultural, human service, and charitable organisations were of the minority sampled.

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Table 79. Study-Level Coding for Source and Effect Size Descriptors

	Country	Sample Size ^a	Institutional Context ^b	MO Scale Type ^c	Conseq Scale Type ^d	Conseq Scale Item ^e	Perf Based Type ^f	Journal Tier ^g	Industry Type ^h	Organisation Type ⁱ
Emerging Market Studies										
Akimova (2000)	Ukraine	80	E	O	S	M	X	S	X	--
Appiah-Adu (1998)	Ghana	74	L	X	S	S	X	S	X	--
Atuahene-Gima (2005)	China	227	E	K	X	M	--	T	M	--
Burgess & Nyajeka (2007)	Zimbabwe	161	L	O	S	M	X	T	R	--
Chelariu, Outtarra & Dadzie (2002)	Ivory Coast	109	L	M	--	--	--	S	U	--
Deshpandé & Farley (1999)	India	116	L	O	S	M	X	S	U	--
Deshpandé & Farley (2002)	China	297	E	X	S	S	X	S	X	--
Deshpandé, Farley & Bowman (2004)	China, Thailand, Vietnam, India	356	X	X	S	M	X	S	U	--
Gao, Zhou & Kim (2007)	China	380	L	K	S	M	X	T	X	--
Grewal & Tansuhaj (2001)	Thailand	120	L	M	O	S	O	T	X	--
Hooley, Fahy, Greenley, Beracs, Fonfara & Snoj (2003)	Hungary, Poland, Slovenia	346	E	K	S	M	O	S	S	--
Kaynak & Kara (2004)	China	179	E	M	X	M	X	S	X	--
Kuada & Buatsi (2005)	Ghana	211	L	M	S	M	X	S	M	--
Liu, Luo & Shi (2003)	China	304	E	M	S	S	O	S	X	--
Luk, Yau, Tse, Sin & Chow (2005)	China	193	E	O	S	M	X	S	S	--
Mavondo (1999)	Zimbabwe	176	L	X	S	M	C	S	M	--
Powpaka (2006)	Thailand	194	L	K	S	M	--	S	S	--
Qu & Ennew (2003)	China	225	E	M	S	M	R	S	S	--
Sin, Tse, Yau, Lee, Chow & Lau (2000)	China	210	E	K	S	M	C	S	X	--
Singh (2003)	India	138	L	K	S	M	C	S	X	--
Soehadi, Hart & Tagg (2001)	Indonesia	159	L	X	S	S	O	S	R	--
Subramanian & Gopalakrishna (2001)	India	162	L	X	S	M	C	S	X	--
Tse, Sin, Yau, Lee & Chow (2003)	China	573	E	K	S	M	--	S	U	--
Zhou, Gao, Yang & Zhou (2005)	China	180	E	M	S	M	--	S	M	--
Zhou, Kim & Tse (2005)	China	350	E	K	X	M	O	T	M	--
Not-for-Profit Studies										
Balabanis, Stables & Phillips (1997)	UK	43	H	M	S	M	X	S	--	O
Bennett (1998)	UK	270	H	M	S	S	F	S	--	O
Bhuiyan, Menguc & Bell (2005)	USA	231	H	M	S	S	X	T	--	H
Kara, Spillan & DeShields (2004)	USA	148	H	M	S	M	F	S	--	O
Kumar, Subramanian & Yauger (1998)	USA	70	H	K	S	M	R	S	--	H
Padanyi (2001)	Canada	453	H	X	S	M	F	S	--	O
Raju, Lonial & Gupta (1995)	USA	175	H	M	S	S	R	S	--	H
Vázquez, Alvarez & Santos (2002)	Spain	191	H	X	X	S	R	S	--	O
Voss & Voss (2000)	USA	101	H	K	X	M	X	T	--	O

^aRestricted Sample Size, excludes non-market-oriented clusters

^bInstitutional Context: E=ECMs, L=LICs, H=HICs, X=Mixed EMs

^cMarket Orientation (MO) Scale Type: M=MARKOR, K=MKTOR, O=Other, X=Mixed

^dConsequence (Conseq) Scale Type: S=Subjective, O=Objective, X=Mixed

^eConsequence (Conseq) Scale Item: S=Single, M=Multiple

^fPerformance (Perf) Type: C= Cost-based, R= Revenue-based, X=Dual-based, O=Overall business

^gJournal Tier: T=Top-tier, S=Second-tier

^hIndustry Type: M=Manufacturing, S=Service, R=Retail, X=Mixed, U=Unknown

ⁱOrganisation Type: H=Hospital, O=Other

7.2.3.2. COMMON EFFECT SIZE METRIC

Before correcting for artefacts and sample size bias for each observed correlation, I converted individual effect size(s) from each primary study to a common effect size metric. Formula 1 explains how to convert standardised betas, Student's t, F-ratios (with one degree freedom) in the numerator, and chi-square ratios to the zero-order Pearson product-moment correlation coefficients.

Formula 1. Computing the correlation effect size

Compute from a Student's t-test for independent groups, t_i	
$r_i = \frac{t_i}{\sqrt{t_i^2 + N_i - 2}}$	where N_i is the sum of the sample sizes of the contrasted groups for ES i
Compute from an F-ratio of a one-way ANOVA with only two groups, F_i (1 degree of freedom)	
$ r_i = \frac{\sqrt{F_i(1)}}{\sqrt{F_i(1)_i + N_i - 2}}$	where N_i is the sum of the sample sizes of the contrasted groups for ES i. Since this formula always returns a positive value, the correct sign of r_i must be determined by the researcher
Compute from chi-square, χ_i^2 (1 degree of freedom)	
$ r_i = \sqrt{\frac{\chi_i^2(1)}{N_i}}$	where N_i is the sum of the sample sizes for ES i. Since this formula always returns a positive value, the correct sign of r_i must be determined by the researcher
Compute from standardised regression coefficient, β_i	
$r_i = \beta_i + .05?$	where ? = 1 when β_i is nonnegative and ? = 0 when β_i is negative

7.2.3.3. ATTENUATION

Artefacts attenuate observed correlations (i.e. introduce random error) and inflate their variability. When individual study effect sizes are corrected for artefacts, a more accurate estimation of the population relationship between the variables of interest is generated. Hence, I performed adjustments for measurement error and small sample size bias according to Formula 2 when data was available. Due to the absence of secondary information, I did not apply range restriction or dichotomisation adjustments to any correlation were (refer to Table 80 to identify artefact adjusted effect size in EM and NPO studies).

Formula 2. Correcting for artefacts at individual effect size level

Correct for measurement error, range restriction and dichotomisation	
$r'_i = a_i r_i$	where r_i is the i th observed correlation ES, a_i is the correction for measurement error, and i ranges from 1 to q with q the total number of effect sizes being meta-analysed
Correct for measurement error	
$a_i = \frac{1}{\sqrt{a_{xi}} \sqrt{a_{yi}}}$	where a_{xi} and a_{yi} are the reliabilities for the two variables in correlation ES i
Correct for small sample bias	
$r''_i = \frac{(2N - 1)r'_i}{2N_i - 2}$	where r'_i is the i th correlation ES after correction for measurement error, range restriction, and dichotomisation and N_i is the sum of the sample sizes of the contrasted groups for ES i and i ranges from 1 to q

Hunter and Schmidt (2004) suggest the attenuation of statistically 'interdependent' effect sizes (i.e. *between-construct* correlations of independent and dependent variables of several constructs). Their composite approach corrects for interdependent effect sizes, which introduce error to statistical findings. Since study-level effect sizes from multiple construct

variables are being reported and their significance examined, I used the interdependency correction of Formula 3 for the relations of MO and its organisational performance, customer and employee consequence (refer to Table 80 to identify effect size corrected for interdependency in EM and NPO studies).

Formula 3. Correcting for interdependent effect size

$r_i^n(x, Y) = \frac{\sum_{j=1}^n r_i^n(x, y_j)}{\sqrt{n + n(n-1)\bar{r}_{among\ j}}}$	<p>where $r_i(x, Y)$ is the correlation between a single x and a composite Y, $r_i(x, y_i)$ is the correlation between x and a single y_i measures (after artefact correction), and $\bar{r}_{among\ j}$ is the average correlation among the y_i measures (after artefact correction), n is the number of y_i measures, and i ranges from 1 to m with m being the number of effect sizes after outlier elimination</p>
--	--

7.2.3.4. RELIABILITY MEASUREMENTS

Burgess and Steenkamp (2006) address the concern that scales intended for HICs may require partial adaptation in EMs. Complexity, response acquiescence, and cross-culture inappropriateness, which generate measurement error, require considerable meta-analytic adjustments. Although the range of reported reliabilities for scales and measures was broad, on average those testing the relations of MO showed relatively strong internal consistency (Nunnally & Bernstein, 1994).

Table 80. Artefacts Adjusted across Studies

	Measurement Error		Range Restriction		Dichotomisation		Small sample bias		Interdependency	
	Adjustment Necessary	Adjustment Performed	Adjustment Necessary	Adjustment Performed	Adjustment Necessary	Adjustment Performed	Adjustment Necessary	Adjustment Performed	Adjustment Necessary	Adjustment Performed
Emerging Market Studies										
Akimova (2000)	✓	✓	✓	x	✓	x	✓	✓	--	--
Appiah-Adu (1998)	✓	✓	--	--	--	--	✓	✓	✓	x
Atuahene-Gima (2005)	✓	✓	--	--	--	--	✓	✓	--	--
Burgess & Nyajeka (2007)	✓	✓	--	--	--	--	✓	✓	--	--
Chelariu, Outtarra & Dadzie (2002)	✓	✓	--	--	--	--	✓	✓	--	--
Deshpandé & Farley (1999)	✓	✓	✓	x	--	--	✓	✓	✓	x
Deshpandé & Farley (2002)	✓	✓	--	--	--	--	✓	✓	✓	x
Deshpandé, Farley & Bowman (2004)	✓	✓	--	--	--	--	✓	✓	✓	x
Gao, Zhou & Kim (2007)	✓	✓	--	--	--	--	✓	✓	--	--
Grewal & Tansuhaj (2001)	✓	✓	--	--	--	--	✓	✓	✓	x
Hooley, Fahy, Greenley, Beracs, Fonfara & Snoj (2003)	✓	✓	--	--	--	--	✓	✓	✓	x
Kaynak & Kara (2004)	✓	✓	--	--	--	--	✓	✓	✓	✓
Kuada & Buatsi (2005)	✓	✓	--	--	--	--	✓	✓	--	--
Liu, Luo & Shi (2003)	✓	✓	--	--	--	--	✓	✓	--	--
Luk, Yau, Tse, Sin & Chow (2005)	✓	✓	--	--	--	--	✓	✓	✓	✓
Mavondo (1999)	✓	✓	--	--	--	--	✓	✓	--	--
Powpaka (2006)	✓	✓	--	--	--	--	✓	✓	✓	✓
Qu & Ennew (2003)	✓	✓	--	--	--	--	✓	✓	✓	✓
Sin, Tse, Yau, Lee, Chow & Lau (2000)	✓	✓	✓	x	--	--	✓	✓	✓	x
Singh (2003)	✓	✓	--	--	--	--	✓	✓	✓	x
Soehadi, Hart & Tagg (2001)	✓	✓	--	--	--	--	✓	✓	--	--
Subramanian & Gopalakrishna (2001)	✓	✓	--	--	--	--	✓	✓	✓	x
Tse, Sin, Yau, Lee & Chow (2003)	✓	✓	--	--	--	--	✓	✓	✓	✓
Zhou, Gao, Yang & Zhou (2005)	✓	✓	--	--	--	--	✓	✓	--	--
Zhou, Kim & Tse (2005)	✓	✓	--	--	--	--	✓	✓	--	--
Not-for-Profit Studies										
Balabanis, Stables & Phillips (1997)	✓	✓	--	--	--	--	✓	✓	✓	x
Bennett (1998)	✓	✓	--	--	--	--	✓	✓	✓	x
Bhuan, Menguc & Bell (2005)	✓	✓	--	--	--	--	✓	✓	--	--
Kara, Spillan & DeShields (2004)	✓	✓	--	--	--	--	✓	✓	✓	✓
Kumar, Subramanian & Yauger (1998)	✓	✓	✓	x	--	--	✓	✓	✓	x
Padanyi (2001)	✓	✓	--	--	--	--	✓	✓	✓	x
Raju, Lonial & Gupta (1995)	✓	✓	--	--	--	--	✓	✓	--	--
Vázquez, Alvarez & Santos (2002)	✓	✓	--	--	--	--	✓	✓	--	--
Voss & Voss (2000)	✓	✓	--	--	--	--	✓	✓	✓	✓

✓= performed, x = not performed

Table 81. Study-Level Disattenuated Effect Sizes of Market Orientation and Its Antecedents

	Antecedents							
	Leadership			Organisational Systems			Interpersonal and Intergroup Relations	
	Management emphasis	Risk aversion	Willingness to take risks	Market-oriented reward systems	Centralisation	Formalisation	Interdepartmental connectedness	Interdepartmental conflict
Emerging Market Studies	r ^a	r	r	r	r	r	r	r
Burgess & Nyajeka (2007)	--	--	.19*	.57***	.36**	.13 (NS)	--	-.32**
Chelariu, Outtarra & Dadzie (2002)	.48***	.37***	--	.49***	.05 (NS)	.30**	.27**	-.14 (NS)
Kuada & Buatsi (2005)	.41***	.18*	--	.71***	-.06 (NS)	-.09 (NS)	.44**	.34**

^ar = individual level disattenuated effect size

p < .05, ** p < .01, *** p < .001, NS = non-significant

Table 82. Study-Level Disattenuated Effect Sizes of Market Orientation and Its Consequences

	Organisational Consequences				Organisational Consequences		
	EM Studies				NPO Studies		
	Performance	Customer	Employee	Innovation	Performance	Customer	
Emerging Market Studies	r ^a	r	r	r	Not-for-Profit Studies		
Akimova (2000)	.34***	--	--	--	Balabanis, Stables & Phillips (1997)	.54***	--
Appiah-Adu (1998)	.20*	--	--	--	Bennett (1998)	.16 (NS)	--
Atuahene-Gima (2005)	--	--	--	.44***	Bhuiyan, Menguc & Bell (2005)	.63***	--
Burgess & Nyajeka (2007)	.45***	--	--	--	Kara, Spillan & DeShields (2004)	.66***	--
Deshpandé & Farley (1999)	.76***	--	--	--	Kumar, Subramanian & Yauger (1998)	.47***	.35***
Deshpandé & Farley (2002)	.24**	--	--	.25**	Padanyi (2001)	.18*	.39***
Deshpandé, Farley & Bowman (2004)	.30**	--	--	--	Raju, Lonial & Gupta (1995)	.36***	--
Gao, Zhou & Kim (2007)	.24**	--	--	--	Vázquez, Alvarez & Santos (2002)	.37***	--
Grewal & Tansuhaj (2001)	.13 (NS)	--	--	--	Voss & Voss (2000)	.03 (NS)	--
Hooley <i>et al.</i> (2003)	.13 (NS)	--	--	--			
Kaynak & Kara (2004)	.28**	.43***	.17*	.47***			
Kuada & Buatsi (2005)	.17*	--	.60***	--			
Liu, Luo & Shi (2003)	.36***	--	--	--			
Luk, Yau, Tse, Sin & Chow. (2005)	.30**	--	--	--			
Mavondo (1999)	.30***	--	--	.61***			
Powpaka (2006)	--	--	.23*	--			
Qu & Ennew (2003)	.54***	.41***	--	--			
Sin, Tse, Yau, Lee, Chow & Lau (2000)	.30***	.29***	--	--			
Singh (2003)	.37***	.42***	--	--			
Soehadi, Hart & Tagg (2001)	.26**	--	--	--			
Subramanian & Gopalakrishna (2001)	.59***	.60***	--	.67***			
Tse, Sin, Yau, Lee & Chow (2003)	.42***	--	--	--			
Zhou, Gao, Yang & Zhou (2005)	.51***	--	.51***	--			
Zhou, Kim & Tse (2005)	.19*	--	--	.16*			

^ar = individual level disattenuated effect size

p < .05, ** p < .01, *** p < .001, NS = non-significant

Table 83. Study-level Disattenuated Effect Sizes of Substantive Moderators of Market Orientation and Organisational Performance

	Substantive Moderators (Interaction effect)			
	Market Turbulence	Competitive Intensity	Supplier Power	Technology Turbulence
Emerging Market Studies	r^a	r	r	r
Appiah-Adu (1998)	-.87***	.63***	--	--
Gao, Zhou & Kim (2007)	-.36***	.07 (NS)	--	--
Kuada & Buatsi (2005)	.28**	.13 (NS)	--	.18*
Singh (2003)	-.24**	-.25*	--	--
Subramanian & Gopalakrishna (2001)	-.01(NS)	NS	NS	--
Not-for-Profit Studies	r	r	r	r
Bhuiyan, Menguc & Bell (2005)	--	NS	--	--
Kumar, Subramanian & Yauger (1998)	.28**	.25*	-.25*	--
Raju, Lonial & Gupta (1995)	-.16 (NS)	--	--	--

^a r = individual level disattenuated effect size

* $p < .05$, ** $p < .01$, *** $p < .001$, NS = non-significant

7.2.3.5. OUTLIER ELIMINATION

It is necessary to remove meta-analytic datasets when they include outliers (Schmidt *et al.*, 1993). I tested the sample-adjusted meta-analytic deviancy (SAMD) statistic for the presence of potential outliers. The Huffcutt and Arthur's (1995) statistic in Formula 4 computes the difference between each study's effect size and the mean sample-weighted effect size without the study in the analysis and then adjusts the difference for the sample size of the study. The statistic does not have a 'critical value' to indicate statistical significance. Its magnitude, not the direction of the difference, matters.

Formula 4. Eliminating outliers

$$SAMD_i = \frac{r_i - \bar{r}_{withoutstudyi}}{\sqrt{\text{var}_i + \text{var}_r}}$$

where r_i is the i th correlation ES after artefact correction, and $\bar{r}_{withoutstudyi}$ is the mean sample-weighted ES computed across all of the other studies

$$\text{var}_i = \frac{(1 - \bar{r}_{withoutstudyi})^2}{N_i - 1}$$

where var_i is the

$$\text{var}_r = \frac{(1 - \bar{r}_{withoutstudyi})^2}{\sum_{i=1}^q (N_i) - q}$$

and where var_r is

For it to be interpreted, absolute SAMD value estimates are rank ordered and plotted on a Scree plot. Values that rise above a flat gradual slope and above the recommended cut-off of approximately 3 (Arthur, Bennett & Huffcutt, 2001) are considered potential outliers. I detected a minimum of four potential outliers on MO–organisational performance in Scree plots (see Figure 7 and 8). Essentially, $SAMD_{MO-PERF}$ values from at least four studies did not meet non-outlier criteria. Given that their deletion increases the disattenuated mean effect size, I adopted a conservative approach and retained outliers for hypothesis testing.

Figure 7. Scree Plot: $SAMD_{MO-Perf}$ for EM Studies

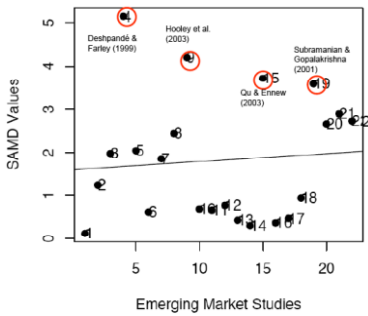
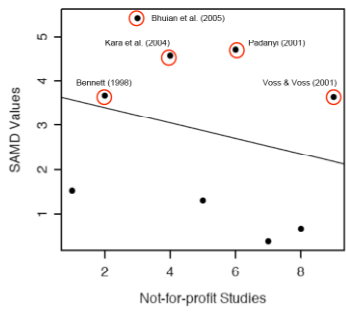


Figure 8. Scree Plot: $SAMD_{MO-Perf}$ for NPO Studies



7.2.3.6. CENTRAL TENDENCY

Once I calculated a set of averaged or independent effect sizes for each study, I dealt with the issue of the central tendency (i.e. the need to estimate the effect size in the population and its significance). I measured the mean effect size using the average correlation weighed by sample size. I also determined the confidence interval of each mean effect size, which provides information about the accuracy and the significance of the estimate of the population effect size. The confidence interval is the extent to which sampling error remains in the mean effect size (Whitener, 1990). Formula 5 offers central tendency computations.

Formula 5. Computing mean effect size and confidences intervals

Mean effect size without artefact distribution corrections	
$\bar{r} = \frac{\sum_{i=1}^k N_i r_i^m}{\sum_{i=1}^k N_i}$	where r_i is the i th composite correlation ES after artefact correction, and N_i is the study sample size for composite correlation ES, i , and i ranges from 1 to k with k being the number of effect sizes remaining after outlier elimination
95% confidence interval without artefact distribution corrections	
$[\bar{r} \pm 1.96\sigma_{\bar{r}}]$	$\sigma_{\bar{r}}^2 = \frac{1}{k} \frac{\sum_{i=1}^k N_i (r_i^m - \bar{r}^2)^2}{\sum_{i=1}^k N_i}$
where	

7.2.3.7. SENSITIVITY ANALYSIS

The meta-analysis is often criticised because of its susceptibility to publication bias. Researchers prefer to incorporate empirical research that identifies statistically significant findings in their meta-analyses (Begg, 1994). Studies that fail to produce null results or results opposite from those hypothesised are less likely to be submitted to journals or accepted for publication and are consigned to the ‘file drawer’ (Rosenthal, 1979). The presence of such a bias, also known as the ‘file drawer problem’, causes the estimated population effect size and its significance to seem larger than they are in actuality. Moreover, if new or unpublished studies are excluded, serious threats to the validity of the findings for the bivariate and multivariate relationships may arise (Lipsey & Wilson, 2001).

To detect publication bias, I devised funnel plots in order to graphically display individual study-level effect sizes against the inverse of the study sample size. Funnel plots (i.e.

symmetrical plots shaped like a funnel) suggest the absence of publication bias. At the bottom of these plots, a broad spread of points are observed for highly variable small studies, while in the centre less variable large studies are found. A degree of asymmetry implies publication bias. The funnel plots for EM and NPO studies suggest a degree of asymmetry (see Figures 9 and 10).

To evaluate bias in a funnel plot, or run a sensitivity analysis for dealing with publication bias, several techniques have been suggested. The Rosenthal ‘file drawer’ method, which is commonly used by meta-analysts, determines the number of new, filed, or irretrievable studies by averaging null results necessary to bring the overall effect to non-significance (Rosenthal, 1979). To uncover the *publication-bias adjusted* $ES_{MO-PERF}$ means and confidence intervals, I performed the ‘trim and fill’ method which uses a step-wise algorithm (Duval & Tweedie, 2000). It estimates the number of unpublished studies and constructs an augmented dataset of mean-centred effect sizes against a set of study sample sizes. The method shifts the publication-bias adjusted central tendency values closer to the zero value for meta-analytic studies. The funnel plots for EM and NPO studies were symmetrical (see Figures 11 and 12).

The ‘trim and fill’ method generated sample-weighted means that are less robust for EM studies ($r = .25$, $CI = .17-.34$) and insignificant for NPO studies ($r = .13$, $CI = -.01-.27$) (refer to Table 84). The paucity of effects does not offer enough data to assume the absence (or presence) of publication bias (Lipsey & Wilson, 2001); hence, the funnel plots and sample-weighted means may be misleading.

Table 84. Publication-bias Adjusted and Not Adjusted Central Tendency Results

	Number of Effects	Sample Size	Mean ES	ES range
Emerging Market Studies				
Non publication-bias adjusted	22	4,870	.32***	.21-.44
Publication-bias adjusted	44	9,570	.25**	.17-.34
Not-for-Profit Studies				
Non publication-bias adjusted	9	1,697	.33***	.14-.53
Publication-bias adjusted	18	3,067	.13 (NS)	-.01-.27

$p < .10$, $^* p < .01$, $^{***} p < .001$, NS = non-significant

Figure 9. Funnel Plot: EM Studies with 22 Effects

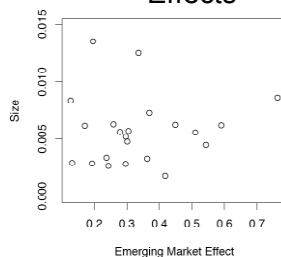


Figure 10. Trim and Fill Funnel Plot: EM Studies with 44 Effects

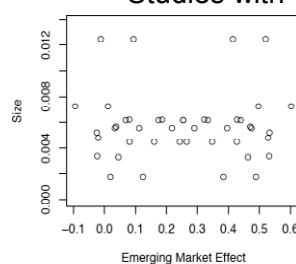


Figure 11. Funnel Plot: NPO Studies with 9 Effects

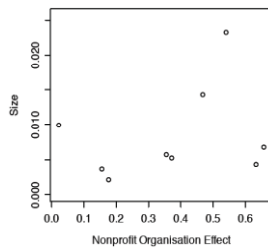
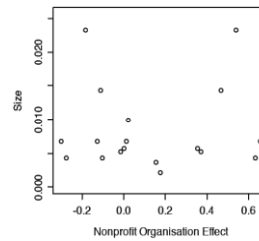


Figure 12. Trim and Fill Funnel Plot: NPO Studies with 18 Effects



7.2.3.8. HOMOGENEITY ANALYSIS

In a fixed effects model, an observed ES is an estimation of the population effect with random error or systematic sources. Random error stems only from the chance factors associated with subject-level sampling error since homogeneous distribution of the ES is assumed.

Multiple homogeneity tests are used to examine whether the mean ES was representative of the entire distribution of ES values. The chi-square test determines the likelihood that the observed variation in ES values is greater than that expected by sampling error alone (Lipsey & Wilson, 2001). When values exceed the critical levels for a non-directional test at the .10 level of significance, heterogeneity was assumed. Moreover, the 75% rule-of-thumb test conditions that sampling error and artefacts generate an observed ES variance of 75% or less, while "unexplained" variance causes the remaining 25% variance (Hunter & Schmidt, 2004). In other words, non-substantive moderators exist if the resultant value is more than 75%. Likewise, the residual standard deviation is the standard deviation in the mean ES after sampling error and study-to-study artefact variations are removed. Although scientists are not in collective agreement, psychological researchers (e.g. Stoffelmayr, Dillavou & Hunter, 1983: 343) report that a residual standard deviation is small if it does not exceed 25% of the population ES. When credibility intervals exceed .11 around the mean ES, moderators are possibly in operation (Koslowsky & Sagie, 1993). A wide credibility interval indicates that the mean effect size is the mean of several subpopulations.

Formula 6. Homogeneity analysis

Chi-square test without artefact distribution corrections

$$\chi_{k-1}^2 = \frac{\sum_{i=1}^k N_i (r_i^m - \bar{r})^2}{(1 - \bar{r}^2)^2}$$

where r_i^m is the i th composite correlation ES after artefact correction, \bar{r} is the mean ES and N_i is the study sample size for composite correlation ES, i , and i ranges from 1 to k with k being the number of effect sizes remaining after outlier elimination

75% rule-of-thumb without artefact distribution corrections

$$\text{Homogeneity if } \frac{\sum_{i=1}^k N_i (r_i^m - \bar{r})^2 / \sum_{i=1}^k N_i}{(1 - \bar{r}^2)^2 / (\bar{N} - 1)} \geq .75 \quad \text{Heterogeneity if } \frac{\sum_{i=1}^k N_i (r_i^m - \bar{r})^2 / \sum_{i=1}^k N_i}{(1 - \bar{r}^2)^2 / (\bar{N} - 1)} < .75$$

Residual standard deviation without artefact distribution corrections

$$SD_{res} = \frac{\sum_{i=1}^k N_i (r_i^m - \bar{r})^2}{\sum_{i=1}^k N_i} - \frac{(1 - \bar{r}^2)^2}{\bar{N} - 1}$$

95% credibility interval without artefact distribution corrections

$$[\bar{r} \pm 1.96SD_{res}]$$

Having conducted multiple homogeneity tests, I detected partial variance in mean effect sizes (i.e. presence of a true deviation across the study sample). Nearly all disattenuated study-level effects exceeded their critical χ^2 values (refer to Table 85). However, observed variances in correlations were no more than 38% during approximation of the 75% rule-of-thumb test. Corrected residual standard deviation values did not exceed .17. With exception of the MO-organisational innovation, corrected 95% intervals did not exceed beyond $\pm .06$ of disattenuated mean correlations.

Table 85. Study-level Disattenuated Homogeneity Results of Market Orientation and its Relations

	χ^2 for Homogeneity (df)	75% rule of thumb	Residual S.D.	95% credibility interval
Emerging Market Studies				
Antecedent of Market Orientation				
Reward systems	9.91 (2)**	30% (NS)	.0056 (NS)	.60-.62 (NS)
Centralisation	16.75 (2)**	18% (NS)	.0279 (NS)	.05-.16 (NS)
Formalisation	12.03 (2)**	25% (NS)	.0185 (NS)	.04-.11 (NS)
Interdepartmental conflict	42.49 (2)***	7% (NS)	.0821 (NS)	-.16-.16***
Organisational Antecedents				
Organisational Performance	142.21 (21)***	19% (NS)	.0195 (NS)	.29-.36 (NS)
Organisational Customer	17.26 (4)**	38% (NS)	.0060 (NS)	.41-.43 (NS)
Organisational Employee	27.32 (2)***	15% (NS)	.0238 (NS)	.34-.43 (NS)
Organisational Innovation	321.36 (5)***	2% (NS)	.1661 (NS)	.05-.71***
Not-for-Profit Studies				
Consequences of Market Orientation				
Organisational Performance	87.23 (8)**	10%(NS)	.0369 (NS)	.32-.40 (NS)
Organisational Customer	.08 (1)	--	.0027 (NS)	--

$p < .05$, ** $p < .01$, *** $p < .001$, NS = non-significant

7.2.3.9. MULTIVARIATE ANALYSIS

In order to access the effects of variables that prior studies did not consider jointly, researchers examine multiple study effects in a meta-analysis (Geyskens, Steenkamp & Kumar, 2006). For researchers to choose a construct in the multivariate analysis, each study-level effect that relates to that construct must be available (Brown & Peterson, 1993). This constraint permitted the examination of only four antecedents of MO (e.g. centralisation, formalisation, reward systems, interdepartmental conflict) for this study's meta-analysis. Table 86 presents the correlation matrix for the multivariate path analysis of MO and its antecedents. Table 87 illustrates the model estimation results for three models.

Based on the theoretical rationale for paths and its relationships conveyed in Figure 1, I built the hypothesised antecedent model of Figure 13. The model has acceptable model fit ($\chi^2 = 13.67$, d.f. = 7, $p < .001$; RMSEA = .077; NFI = .87; CFI = .91). However, additional antecedents and their covariances could have improved model fit.

Kirca, Jayachandran and Bearden (2005) explain that antecedent intercorrelations in meta-analysis may diminish or enhance direct relations of MO and its antecedents. Therefore, I designed the revised models in Figures 14 and 15 to incorporate covariances. While model fit slightly improved, according to fit indices, the two revised models suggest that centralisation has a non-significant negative effect on MO. Nonetheless, I cannot make a definite conclusion based on these findings due to a small sample size.

Table 86. Antecedents: Intercorrelations among Constructs, EM Studies

	1	2	3	4	5
1. Market Orientation	.80 (.60-1.00)				
2. Reward systems	.61 (.33-.90)	.69 (.44-.94)			
3. Centralisation	.11 (-.13-.34)	.16 (-.05-.37)	.87 (.54-.98)		
4. Formalisation	.07 (-.12-.27)	.12 (-.04-.30)	.07 (-.17-.30)	.87 (.48-.97)	
5. Interdepartmental conflict	.22 (-.08-.52)	-.01(-.29-.28)	-.04 (-.20-.11)	-.20 (-.55-.16)	.68 (.42-.93)

Notes: Off-diagonal entries represent the average sample-size-weighted correlations (r) values and the standard deviations (s.d.'s) of the correlated correlations are in parentheses. Entries on the diagonal reflect sample-size weighted mean reliabilities (Cronbach's alphas). Chi-square homogeneity tests run for all correlations proved significant, suggesting the existence of moderators.

Figure 13. Hypothesised Model: Market Orientation and Its Antecedents

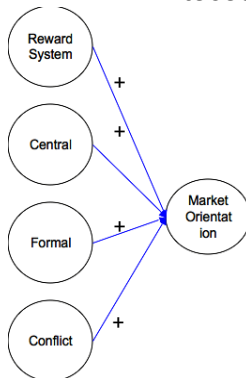


Figure 14. Revised Model 1: Market Orientation and Its Antecedents

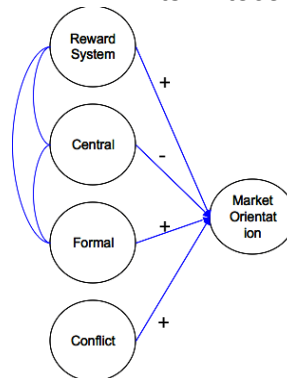


Figure 15. Revised Model 2: Market Orientation and Its Antecedents

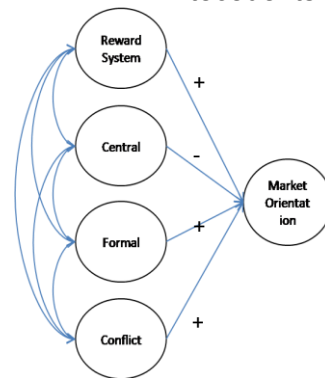


Table 87. Antecedents of Market Orientation: Standardised Path Coefficients for Hypothesised and Revised Models

Antecedent of Market Orientation	Hypothesised Model		Revised Model 1		Revised Model 2	
	Standardised Coefficient	t-value	Standardised Coefficient	t-value	Standardised Coefficient	t-value
Reward systems	.75	9.17***	.75	8.78***	.74	8.13***
Centralisation	.02	.31 (NS)	-.01	-.15 (NS)	-.01	-.05 (NS)
Formalisation	.05	.53 (NS)	.02	.21 (NS)	.05	.52 (NS)
Interdepartmental conflict	.30	3.53***	.30	3.50***	.30	2.97***
	χ^2 (d.f.) = 13.16 (7)		χ^2 (d.f.) = 6.18 (3)		χ^2 (d.f.) = 1.74 (1)	
	RMSEA = .077		RMSEA = .085		RMSEA = .070	
	NNFI = .87		NNFI = .84		NNFI = .86	
	CFI = .91		CFI = .95		CFI = .99	

p < .05, ** *p* < .01, *** *p* < .001, NS = non-significant

Notes: Error variances for each construct indicator were fixed at (1- α), where α is the sample-size-weighted average reliability across studies (cf. Anderson & Gerbing, 1988). The harmonic mean of sample sizes (n=149) from the three studies testing the relationships among antecedents and market orientation was used.

7.2.3.10. MODERATOR ANALYSIS

In meta-analytic studies, moderators are either principal variables of interest or control variables to test for multicollinearity. Depending on the researcher's aptitude, pure substantive moderator and/or homoligiser effects in a meta-analysis are tested. Potential moderators are identified and coded based on their theoretical justification and explanatory power of the between-study variance. Regression analysis and SEM help researchers detect significant moderation.

A homoligiser effect of a non-substantive moderator occurs when a variable influences the strength of the relationship, but does not interact with the independent variable, and is not significantly related to either the independent or dependent variable (Sharma, Durand & Guraire, 1981). It is represented as the error term in partial correlation analysis. By its inclusion in the analysis, this moderator "accounts for, or help(s) explain, more variance than would otherwise be the case" (Arthur, Bennett & Hufcutt, 2001: 85).

The dependent variable constitutes the individual disattenuated mean correlation and the dummy or independent variable acts as the moderator. To explore between-study variance in fixed effects model, Hedges and Olkin's (1985) modified sample-size weighted least square

(WLS) multiple regression method was employed. It “handles continuous or dichotomous independent variables and models multiple independent variables in a single analysis” (Lipsey & Wilson, 2001: 120).

7.2.3.10.1 Nonsubstantive Moderators

I estimated five regression models to test whether EM type, measurement, journal quality, and industry context moderate the MO-performance link. The basic model of $r''_i = \beta_0 + \beta_1 + \beta_j X_{ij}$ assigns r''_i as the disattenuated ES. β_0 to β_j are the unstandardised regression coefficients (i.e. parameter estimates) and X_1 to X_i represent the j moderator variables. I created dummy variables with dichotomous and polychotomous coding schemes.

The MO-organisational performance regression analysis using commercial firm, EM data used the following X_1 to X_i variables:

- | | |
|---|--|
| X_1 = MARKOR vs. MKTOR scales | X_8 = top-tier vs. second-tier journals |
| X_2 = combined vs. discrete MO constructs | X_9 = manufacturing vs. service industries |
| X_3 = subjective vs. mixed performance measures | X_{10} = manufacturing vs. retail industries |
| X_4 = multi- vs. single- item performance measures | X_{11} = cross-sectional vs. single industries |
| X_5 = cost- vs. revenue- based performance measures | X_{12} = LICs vs. ECMs |
| X_6 = cost- vs. dual- based performance measures | |
| X_7 = cost- vs. overall performance measures | |

Its regression model was $ES_{MO-PERF} = \beta_0 + \beta_1 MARKOR + \beta_2 MultiMO + \beta_3 SubjPerf + \beta_4 MultiPerf + \beta_5 Revenue + \beta_6 Dual + \beta_7 Overall + \beta_8 Tie + \beta_9 Service + \beta_{10} Retail + \beta_{11} Mixed + \beta_{12} Institutional$

The MO-organisational performance regression analysis using NPO, HIC data included the following X_1 to X_i variables:

- | | |
|--|--|
| X_1 = MARKOR vs. MKTOR scales | X_5 = fundraising- vs. revenue- based performance measures |
| X_2 = multiple vs. single MO constructs | X_6 = fundraising- vs. dual- based performance measures |
| X_3 = subjective vs. mixed performance measures | X_7 = healthcare vs. other not-for-profit industries |
| X_4 = multi- vs. single- item performance measures | |

Its regression model was $ES_{MO-PERF} = \beta_0 + \beta_1 MARKOR + \beta_2 MultiMO + \beta_3 SubjPerf + \beta_4 MultiPerf + \beta_5 Revenue + \beta_6 Dual + \beta_7 Healthcare$

A homoligiser is present if the unstandardised β coefficient and its associated t-value are significant for the independent variable in the regression analysis. In order to interpret the significance level of the t-values, I estimated the standard error of the β coefficients (Geyskens, Steenkamp & Kumar, 2005). First, the adjusted SE_B (i.e. the reported SE_B was divided the square root of the mean-square residual) is calculated. Then, the adjusted t-test (i.e. the unstandardised beta was divided by its associated adjusted SE_B) is recalculated.

7.2.3.10.2 Institutional Dynamic Moderators

I performed key activities in order to test the moderating role of institutional systems on MO and its antecedent and consequences relations. First, I found composite indices, statistics from survey research, and nominal figures from the literature to explain institutional systems (review Tables 76 to 78 for descriptions and sources). I used more than one index or statistic to represent an institutional dynamic. Second, I dichotomised continuous variables in order to evaluate discrete moderator variables (Marin-Martinez & Sanchez-Meca, 1998). Third, I created 'resultant' cultural dimensions using Schwartz's (2006) technique of subtracting opposing orientations to evaluate Schwartz's bipolar cultural dimensions.

7.2.3.11. MEDIATOR EFFECTS

To ascertain whether national culture triggers economic and regulatory homogeniser effects, and disconfirm multicollinearity among institutional dynamics, mediation was tested. Mediation occurs if the relationship between an independent and a dependent variable becomes significant if an indirect (e.g. intervening) variable is present. In meta-analyses, researchers divide the coefficient of the indirect variable, $b_{indirect}$, by an estimate of its standard error, s_b . The resultant, adjusted t-value of $b_{indirect}$ must be statistically significant to substantiate mediation (Baron & Kenny, 1986).

7.3. APPENDIX C

7.3.1. UNIVARIATE STATISTICS

Table 88. Univariate Statistics and Tests for Univariate Normality: Not-for-Profits Serving Other Customers

Variable	N	Mean	St. Dev.	t-value	Skewness	Kurtosis
Insight						
INSIGHT1	46	3.65	1.04	23.88	-.61	.23
INSIGHT2	46	3.76	1.16	22.02	-.67	-.35
INSIGHT3	46	4.15	.92	30.67	-1.40	2.44
INSIGHT4	46	4.11	.90	30.96	-.99	.50
INSIGHT5	46	3.76	.85	30.08	.03	-.83
INSIGHT6	46	3.59	1.20	20.22	-.81	-.16
INSIGHT7	46	4.33	.99	29.64	-1.57	2.13
Intent						
INTENT1	46	4.65	.67	46.82	-2.18	4.98
INTENT2	46	4.04	.94	29.12	-1.09	1.39
INTENT3	46	4.15	.92	30.67	-1.40	2.44
INTENT4	46	4.07	.85	32.29	-.80	.31
INTENT5	46	4.28	.94	31.07	-1.12	.26
INTENT6	46	3.78	1.26	20.31	-.75	-.49
INTENT7	46	3.87	.81	32.57	-.55	.19
Interaction						
INTERAC1	46	4.41	.69	43.66	-1.19	1.98
INTERAC2	46	3.65	1.27	19.52	-.80	-.40
INTERAC3	46	3.35	.97	23.38	-.01	-.33
INTERAC4	46	4.20	.81	35.30	-1.44	4.11
INTERAC5	46	4.04	.99	27.76	-1.10	1.04
INTERAC6	46	4.33	.92	31.88	-1.61	2.90
INTERAC7	46	3.98	.98	27.61	-.70	-.42
Technology orientation						
TECHORN1	46	4.09	.94	29.53	-.69	-.51
TECHORN2	46	3.80	1.07	24.18	-.62	-.32
Donor relations						
DONREL1	46	4.61	.61	50.92	-1.94	5.57
DONREL2	46	4.39	.65	45.89	-.60	-.57
DONREL3	46	4.50	.66	46.36	-1.47	3.13
DONREL4	46	4.33	.82	35.87	-.94	-.03
DONREL5	46	4.02	1.06	25.63	-1.09	.50
DONREL6	46	3.89	1.04	25.43	-.52	-.88
Subjective overall business performance						
PERF4	46	3.89	.99	26.55	-.63	-.55
Subjective financial performance						
PERF1	46	3.65	1.10	22.52	-.51	-.66
PERF2	46	3.50	1.11	21.38	-.10	-1.33
PERF3	46	3.65	1.18	21.03	-.64	-.58

Table 89. Univariate Statistics and Tests for Univariate Normality: HIV/AIDS Care Providers

Variable	N	Mean	St. Dev.	t-value	Skewness	Kurtosis
Insight						
INSIGHT1	85	3.87	1.09	32.78	-.76	-.26
INSIGHT2	85	4.000	1.01	36.45	-1.06	.72
INSIGHT3	85	3.87	1.08	33.11	-.85	-.08
INSIGHT4	85	4.14	.76	50.35	-.58	-.02
INSIGHT5	85	3.94	.98	37.07	-.66	-.52
INSIGHT6	85	3.92	.94	38.37	-.97	1.03
INSIGHT7	85	4.52	.65	64.32	-1.28	1.71
Intent						
INTENT1	85	4.84	.40	110.41	-2.38	5.18
INTENT2	85	3.95	.95	38.36	-.84	.72
INTENT3	85	3.92	1.00	36.03	-.92	.49
INTENT4	85	4.13	.90	42.45	-.97	.37
INTENT5	85	4.02	1.10	33.67	-1.09	.47
INTENT6	85	4.21	.93	41.89	-1.27	1.36
INTENT7	85	3.94	1.06	34.22	-.98	.50
Interaction						
INTERAC1	85	4.54	.628	66.69	-1.34	2.11
INTERAC2	85	3.66	1.17	28.82	-.76	-.31
INTERAC3	85	3.49	.97	33.17	-.02	-.95
INTERAC4	85	4.15	.79	48.20	-.58	-.35
INTERAC5	85	4.26	.74	52.88	-.82	.48
INTERAC6	85	4.48	.61	67.78	-1.06	1.78
INTERAC7	85	4.25	.90	43.58	-1.42	2.06
Technology orientation						
TECHORN1	85	4.34	.85	46.93	-1.32	1.20
TECHORN2	85	3.93	.96	37.70	-.85	.28
Donor relations						
DONREL1	85	4.38	.83	48.58	-1.45	1.76
DONREL2	85	4.38	.72	55.78	-.91	.22
DONREL3	85	4.31	.74	53.62	-.92	.68
DONREL4	85	4.33	.82	48.55	-1.47	2.84
DONREL5	85	4.08	.90	41.70	-1.06	1.12
DONREL6	85	3.62	1.01	33.03	-.17	-.75
Management emphasis on market orientation						
MGTEM1	85	4.40	.76	53.44	-1.66	4.31
MGTEM2	85	4.45	.75	54.81	-1.30	1.30
MGTEM3	85	3.31	1.09	27.93	-.30	-.78
MGTEM4	85	3.75	1.01	34.23	-.69	.00
Attitudes toward risk						
RISK1	85	3.47	1.01	31.78	-.63	.06
RISK2	85	2.88	1.23	21.63	.19	-.96
RISK3	85	2.42	1.12	20.01	.67	-.19
RISK4	85	2.58	1.15	20.69	.41	-.68
Market based reward systems						
REWARD1	85	2.45	1.12	20.18	.35	-.90
REWARD2	85	3.07	1.01	28.05	.07	-.48
REWARD3	85	3.85	.99	35.68	-.58	-.32
Centralisation						
CENT1	85	3.34	1.29	23.94	-.22	-1.23
CENT2	85	2.51	1.16	19.90	.64	-.62
CENT3	85	2.69	1.19	20.95	.31	-1.07
Formalisation						
FORM1	85	2.29	1.07	19.82	.83	.00
FORM2	85	2.20	.90	22.61	1.11	1.43
FORM3	85	3.91	1.02	35.33	-1.12	1.00
FORM4	85	3.35	1.19	25.93	-.38	-.88
Interdepartmental connectedness						
CONN1	85	4.45	.72	57.30	-1.71	5.12
CONN2	85	4.52	.57	73.16	-.67	-.56
CONN3	85	4.18	.94	40.93	-1.24	1.25
CONN4	85	4.27	.81	48.76	-.95	.41
Interdepartmental conflict						
CONF1	85	1.77	.73	22.16	.77	.51
CONF2	85	2.61	.89	27.13	.23	-.36
CONF3	85	2.52	1.03	22.52	.22	-.87
CONF4	85	3.69	1.07	31.85	-.55	-.47
Organisational age						
ORGAGE	68	18.57	18.12	8.45	2.06	5.12

Variable	N	Mean	St. Dev.	t-value	Skewness	Kurtosis
Beneficiary satisfaction						
QUALSAT	85	4.31	.62	64.27	-.61	1.09
FEESAT	51	3.82	1.14	23.87	-.89	-.06
PERSSAT	85	3.79	1.05	33.34	-.83	.25
DEPSAT	85	4.38	.72	55.78	-1.10	1.20
ALLSAT	85	4.33	.63	63.90	-.67	1.04
Beneficiary loyalty						
CUSTLOY1	85	4.32	.81	49.45	-1.91	5.69
CUSTLOY2	85	4.46	.68	60.25	-1.81	6.46
CUSTLOY3	85	4.33	.71	55.93	-1.39	4.27
CUSTLOY4	85	3.94	.82	44.22	-.68	.95
CUSTLOY5	85	4.41	.66	61.63	-1.70	6.96
Job satisfaction						
JOBSAT1	85	4.08	.60	62.54	-.03	-.19
JOBSAT2	85	4.08	.71	52.96	-.94	1.82
JOBSAT3	85	3.72	.91	37.76	-.87	.39
JOBSAT4	85	2.93	1.13	23.87	-.06	-1.00
JOBSAT5	85	3.80	.86	40.91	-.88	1.50
JOBSAT6	85	3.13	1.04	27.63	-.20	-.43
JOBSAT7	85	3.92	.78	46.62	-.64	.47
Innovativeness						
INNOV1	83	4.07	.78	47.72	-1.08	2.50
INNOV2	83	4.33	.77	51.39	-1.30	1.99
INNOV3	83	4.21	.91	42.22	-1.83	4.31
INNOV4	83	4.06	.72	51.26	-.89	1.56
INNOV5	83	4.01	.97	37.72	-.93	.40
New service performance						
NSD1	83	4.01	.63	57.63	-.30	.56
NSD2	83	4.04	.77	47.62	-.55	.12
NSD3	83	3.78	.83	41.67	-.295	-1.22
NSD4	83	2.83	1.00	25.85	-.10	-.67
NSD5	83	4.16	.67	56.40	-.44	.26
Subjective overall business performance						
PERF4	85	3.95	.75	48.31	-.77	.93
Subjective financial performance						
PERF1	85	3.74	1.04	33.27	-.77	.19
PERF2	85	3.57	1.03	31.95	-.65	.13
PERF3	85	3.45	.98	32.36	-.70	.17
Objective financial performance						
INCOME	77	5,740,192	1.15E7	4.37	3.78	16.07
COST	77	5,284,444	1.09E7	4.25	3.97	18.32
COSTPCLIENT	76	13,915	67,274	1.80	7.19	55.25
Subjective fundraising performance						
FUNDPER1	85	3.78	1.417	24.57	-.72	-.69
FUNDPER2	85	3.71	1.370	24.94	-.59	-.73
FUNDPER3	85	3.38	1.363	22.85	-.25	-.82
FUNDPER4	85	3.68	1.329	25.54	-.51	-.70
Throughput						
STAFFNO	85	100	195	4.72	4.02	17.92
CLIENTNO	82	198,22	53181	3.38	4.84	28.57
CLIENTPSTAFF	82	210	452	4.21	3.30	12.04
Regulatory turbulence						
REGTURB1	84	3.66	1.14	29.50	-.55	-.60
REGTURB2	84	3.00	1.10	25.05	-.28	-.61
REGTURB3	84	2.52	1.06	21.86	.25	-.73
REGTURB4	84	2.99	1.00	27.39	-.05	-.64
REGTURB5	84	4.17	.86	44.30	-1.37	2.92
REGTURB6	84	3.70	1.12	30.38	-.50	-.71

Variable	N	Mean	St. Dev.	t-value	Skewness	Kurtosis
Market turbulence						
MKTTURB1	84	3.13	1.20	23.91	.13	-1.22
MKTTURB2	84	3.48	1.15	27.81	-.48	-.74
MKTTURB3	84	3.42	1.02	30.69	-.22	-.91
MKTTURB4	84	3.81	1.05	33.35	-.51	-.63
MKTTURB5	84	3.76	.91	37.75	-.96	1.01
MKTTURB6	84	4.18	.88	43.50	-1.45	2.92
Competitive intensity						
COMPINT1	84	3.07	.94	29.90	-.23	-.07
COMPINT2	84	3.10	.85	33.58	.06	.74
COMPINT3	84	2.70	.98	25.30	.32	-.39
COMPINT4	84	2.98	1.15	23.70	.19	-.78
Technology turbulence						
TECHTUR1	84	3.33	.92	33.11	-.06	-.95
TECHTUR2	84	3.70	.93	36.55	-.38	-.63
TECHTUR3	84	3.00	1.04	26.41	.00	-1.06
TECHTUR4	84	3.80	.86	40.42	-.40	-.36

Table 90. Univariate Statistics and Tests for Univariate Normality: HIV/AIDS Care Supporters

Variable	N	Mean	St. Dev.	t-value	Skewness	Kurtosis
Beneficiary satisfaction						
QUALSAT	193	4.40	.74	82.94	-1.28	2.07
FEESAT	125	3.74	1.29	32.49	-.84	-.34
PERSSAT	193	3.57	1.29	38.46	-.58	-.80
DEPSAT	193	4.44	.74	83.19	-1.30	1.41
ALLSAT	193	4.36	.78	77.77	-1.32	2.43
Beneficiary loyalty						
CUSTLOY1	193	4.32	.77	77.88	-.97	.45
CUSTLOY2	193	4.34	.78	77.80	-1.42	3.00
CUSTLOY3	193	4.19	.81	72.00	-.89	1.10
CUSTLOY4	193	4.03	.83	67.23	-.49	-.15
CUSTLOY5	193	4.43	.70	87.32	-1.18	1.36
Job satisfaction						
JOBSAT1	193	4.39	.77	79.19	-1.60	3.47
JOBSAT2	193	4.30	.75	79.45	-.86	.26
JOBSAT3	193	4.00	1.17	47.42	-1.29	.91
JOBSAT4	193	3.23	1.26	35.52	-.27	-.84
JOBSAT5	193	3.89	.92	59.09	-.77	.69
JOBSAT6	193	3.53	1.12	43.65	-.33	-.61
JOBSAT7	193	4.20	.87	66.74	-1.30	2.24
Organisational experience						
RESPEX	193	52.09	56.59	12.79	2.04	5.18

Table 91. Univariate Statistics and Tests for Univariate Normality: HIV/AIDS Beneficiaries

Variable	N	Mean	St. Dev.	t-value	Skewness	Kurtosis
Service quality						
TANG1	452	3.50	1.03	71.96	-.50	-.26
TANG2	452	3.72	.98	80.30	-.75	.18
RELIAB1	452	3.90	.96	86.16	-.86	.58
RELIAB2	452	3.92	.92	90.34	-1.10	1.62
RELIAB3	452	3.97	.94	90.02	-.94	1.14
RESPONS1	452	3.97	.96	88.06	-1.17	1.61
RESPONS2	452	4.20	.86	103.38	-1.35	2.45
RESPONS3	452	3.97	1.00	84.14	-1.06	.92
ASSUR1	452	4.17	.88	100.95	-1.27	2.05
ASSUR2	452	4.14	.82	107.15	-1.11	1.89
ASSUR3	452	4.05	.94	91.81	-1.15	1.39
ASSUR4	452	4.06	.91	94.86	-1.15	1.56
EMPATH1	452	3.94	.97	86.53	-1.07	1.12
EMPATH2	452	3.98	.86	98.50	-.87	1.09
EMPATH3	452	4.02	.94	91.23	-1.12	1.41
Beneficiary satisfaction						
QUALSAT	452	4.06	.91	94.92	-1.16	1.69
FEESAT	294	3.96	.94	72.32	-.95	.92
PERSSAT	452	3.91	.90	92.55	-.89	1.05
DEPSAT	452	4.07	.87	99.35	-1.15	1.85
ALLSAT	452	4.14	.88	100.06	-1.24	1.90
Beneficiary loyalty						
CUSTLOY1	452	4.25	.80	112.89	-1.16	1.94
CUSTLOY2	452	4.31	.76	120.02	-1.20	2.00
CUSTLOY3	452	4.22	.82	109.42	-1.03	1.24
CUSTLOY4	452	4.20	.82	109.13	-1.11	1.72
CUSTLOY5	452	4.24	.82	110.02	-1.08	1.22
Organisational experience						
RESPEX	394	32.80	45.18	14.41	2.25	5.16

Table 92. Univariate Statistics and Tests for Univariate Normality: HIV/AIDS Donors

Variable	N	Mean	St. Dev.	t-value	Skewness	Kurtosis
Donor relations						
DONREL1	38	4.47	.51	54.50	.11	-2.10
DONREL2	38	4.45	.65	42.50	-1.39	3.79
DONREL3	38	4.32	.81	32.89	-.98	.31
DONREL4	38	3.97	.94	25.95	-.15	-1.48
DONREL5	38	4.34	.82	32.86	-1.04	.37
DONREL6	38	3.71	.96	23.97	-.55	.41
Subjective overall business performance						
PERF4	31	4.45	.68	36.71	-.86	-.33
Subjective financial performance						
PERF1	30	4.00	.83	26.38	-.77	.59
PERF2	24	3.67	.96	18.65	.12	-1.04
PERF3	26	3.81	.94	20.68	-.22	-.85
Organisational experience						
RESPEX	36	94.44	77.76	7.08	1.41	2.39
DONOREX	36	57.17	68.22	5.03	3.14	11.76
HIVEX	26	70.19	71.37	5.02	2.64	8.91

Table 94. Inter-Correlations: Donor Relations

	DONREL1			DONREL2			DONREL3				DONREL4			DONREL5			DONREL6		
	B ^a	H ^b	D ^c	B	H	B	B	B	D	B	H	D	B	H	D	B	H	D	
DONREL1	1.00	1.00	1.00																
DONREL2	.64**	.55**	.66**	1.00	1.00	1.00													
DONREL3	.71**	.57**	.55**	.79**	.69**	.65**	1.00	1.00	1.00										
DONREL4	.57**	.58**	.48**	.50**	.45**	.51**	.50**	.61**	.44**	1.00	1.00	1.00							
DONREL5	.26	.56**	.58**	.41**	.46**	.52**	.37*	.59**	.65**	.32*	.65*	.29*	1.00	1.00	1.00				
DONREL6	.37*	.17	.46**	.38*	.23*	.08	.44**	.20*	.12	.58**	.14	.23	.49**	.16	.27*	1.00	1.00	1.00	

^aInter-item correlations for Not-for-profits serving other customers.

^bInter-item correlations for HCPs.

^cInter-item correlations for HIV/AIDS donors.

* $p < .10$, ** $p < .01$

Table 95. Inter-Correlations: Service Quality

	TANG1	TANG2	RELIAB1	RELIAB2	RELIAB3	RESPONS1	RESPONS2	RESPONS3	ASSUR1	ASSUR2	ASSUR3	ASSUR4	EMPATH1	EMPATH2	EMPATH3
	1	2	3	NS1	NS2	NS3	1	2	3	4	H1	H2	H3		
TANG1	1.00														
TANG2	.41***	1.00													
RELIAB1	.18***	.27***	1.00												
RELIAB2	.23***	.26***	.63***	1.00											
RELIAB3	.25***	.24***	.51***	.56***	1.00										
RESPONS1	.26***	.24***	.54***	.61***	.52***	1.00									
RESPONS2	.17***	.13*	.42***	.48***	.41***	.50***	1.00								
RESPONS3	.19***	.29***	.49***	.46***	.41***	.46***	.61*	1.00							
ASSUR1	.17***	.20***	.47***	.48***	.41***	.52***	.60***	.58***	1.00						
ASSUR2	.09*	.12*	.45***	.54***	.49***	.51***	.53***	.51***	.54***	1.00					
ASSUR3	.12*	.09*	.40***	.48***	.45***	.46***	.51***	.48***	.57***	.60***	1.00				
ASSUR4	.21***	.17***	.44***	.49***	.41***	.53***	.56***	.53***	.54***	.51***	.56***	1.00			
EMPATH1	.10*	.11*	.33***	.44***	.30***	.40***	.50***	.46***	.41***	.40***	.48***	.55***	1.00		
EMPATH2	.07	.09*	.42***	.45***	.39***	.45***	.51***	.51***	.46***	.51***	.53***	.50***	.60***	1.00	
EMPATH3	.11*	.18***	.43***	.47***	.45***	.44***	.44***	.54***	.47***	.44***	.49***	.51***	.53***	.66***	1.00

* $p < .10$, ** $p < .01$, *** $p < .001$, NS=non-significant

Table 96. One-way ANOVA: Heterogeneity in Market Orientation across HIV/AIDS Care Providers

	INSIG HT1	INSIG HT2	INSIG HT3	INSIG HT4	INSIG HT5	INSIG HT6	INSIG HT7	INTEN T1	INTEN T2	INTEN T3	INTEN T4	INTEN T5	INTEN T6	INTEN T7	INTER AC1	INTER AC2	INTER AC3	INTER AC4	INTER AC5	INTER AC6	INTER AC7
Organisational characteristics																					
Province	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	F= 3.95*	NS	NS	F= 3.74*	NS	NS
HQ location	NS	NS	NS	NS	F= 2.80*	NS	F= 2.84*	F= 2.82*	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	F= 3.46*	NS	NS
NPO type	F= 2.71*	NS	F= 3.06*	NS	NS	NS	NS	NS	NS	NS	NS	F= 7.52***	NS	NS	NS	NS	NS	NS	NS	F= 4.29*	NS
Faith-based	F= 3.61**	F= 3.44*	F= 3.48*	NS	F= 4.68**	F= 2.71*	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS	F= 2.15*	NS	F= 2.64*	F= 3.55*	NS
Fee	NS	NS	F= 2.00*	NS	F= 2.09*	F= 2.30*	NS	NS	NS	NS	NS	NS	NS	F= 2.31*	F= 2.61*	F= 2.52*	NS	NS	F= 3.82*	NS	F= 2.52*
Business model	NS	NS	NS	NS	NS	F= 1.99*	NS	F= 10.07***	NS	NS	NS	NS	F= 4.95**	NS	NS	NS	F= 2.35*	NS	NS	NS	NS
Respondent characteristics																					
Country	NS	F= 2.54*	NS	NS	NS	F= 5.19***	NS	NS	NS	NS	NS	NS	F= 2.51*	NS	NS	NS	NS	NS	NS	NS	NS
Race	NS	NS	NS	NS	F= 2.96*	NS	NS	F= 4.40**	F= 4.12**	NS	NS	NS	NS	NS	NS	NS	NS	F= 3.04*	F= 2.76*	NS	NS
Education	F= 2.29*	F= 2.75*	F= 2.26*	F= 3.44*	NS	F= 2.74*	NS	NS	NS	NS	F= 2.22*	NS	NS	F= 2.41*	F= 3.02*	NS	NS	NS	NS	F= 2.20*	NS

*p < .10, **p < .01, ***p < .001, NS=non-significant

Table 97. Mean Differences: Comparisons of Organisational and Respondent Characteristics across HIV/AIDS Care Providers

	HQ Location Groupings						NPO Type Groupings						Faith-based Groupings				Fee Groupings					
	Urban ^a		Suburban ^b		Township ^c		Healthcare services ^d		Social services ^e		Charities ^f		FBO ^g		Secular ^h		Always ⁱ		Sometimes ^j		Never ^k	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
INSIGHT1	-	-	-	-	-	-	3.50	1.30	4.15	.82	3.88	1.09	3.30	1.17	4.14	.95	-	-	-	-	-	-
INSIGHT2	-	-	-	-	-	-	-	-	-	-	-	3.48	1.12	4.24	.86	-	-	-	-	-	-	-
INSIGHT3	-	-	-	-	-	-	3.50	1.27	4.18	.76	3.84	1.14	3.33	1.18	4.12	.94	4.10	.89	4.06	1.00	3.52	1.21
INSIGHT5	4.18	.90	3.85	.91	3.42	1.24	-	-	-	-	-	-	3.44	1.05	4.17	.86	4.14	.79	4.15	.91	3.58	1.09
INSIGHT6	-	-	-	-	-	-	-	-	-	-	-	3.48	.98	4.12	.86	4.19	.60	4.12	.82	3.52	1.12	-
INTENT1	4.88	.40	4.85	.36	4.67	.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
INTENT2	-	-	-	-	-	-	-	-	-	-	-	3.81	.88	4.02	.98	-	-	-	-	-	-	-
INTENT3	-	-	-	-	-	-	-	-	-	-	-	3.78	.97	3.98	1.02	-	-	-	-	-	-	-
INTENT5	-	-	-	-	-	-	4.00	1.13	4.21	.77	3.44	1.29	-	-	-	-	-	-	-	-	-	-
INTENT7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.57	.75	3.91	1.10	3.65	1.17	-
INTERAC1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.00	.63	4.00	1.12	4.39	.68	-
INTERAC2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.38	.97	4.67	.48	3.45	1.00	-
INTERAC3	-	-	-	-	-	-	-	-	-	-	-	3.37	.84	3.55	1.03	-	-	-	-	-	-	-
INTERAC5	4.42	.54	4.15	.80	4.00	1.04	-	-	-	-	-	4.07	.62	4.34	.79	4.43	.51	4.42	.61	3.97	.91	-
INTERAC6	-	-	-	-	-	-	4.65	.49	4.56	.50	4.20	.76	4.26	.59	4.59	.59	-	-	-	-	-	-
INTERAC7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.48	.51	4.33	.99	4.00	.97	-

^aN=40, ^bN=33, ^cN=12, ^dN=26, ^eN=34, ^fN=25, ^gN=27, ^hN=58, ⁱN=21, ^jN=33, ^kN=31

Table 98. One-way ANOVA: Heterogeneity of Service Quality across HIV/AIDS Beneficiaries

	TANG1	TANG2	RELIAB1	RELIAB2	RELIAB3	RESPONS1	RESPONS2	RESPON3	ASSUR1	ASSUR2	ASSUR3	ASSUR4	EMPATH1	EMPATH2	EMPATH3
Organisational characteristics															
NPO Type	NS	NS	F=3.40**	F=2.58*	F=2.33*	NS	F=2.92*	NS	NS	F=3.36*	NS	F=4.19**	F=3.20*	NS	NS
Respondent characteristics															
Country	NS	F=2.14*	F=2.72*	NS	F=2.26*	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS
Race	NS	NS	NS	NS	F=2.73*	F=2.85*	F=2.66*	F=2.87*	NS	F=2.49*	F=3.95**	NS	NS	F=2.22*	F=2.08*
Education	NS	NS	NS	NS	NS	F=3.78**	NS	NS	NS	NS	NS	NS	NS	NS	NS

* $p < .10$, ** $p < .01$, *** $p < .001$, NS=non-significant

Table 99. Mean Differences: Comparisons of Organisational and Respondent Characteristics across HIV/AIDS Beneficiaries

	NPO Type Groupings						Country				Race				Education									
	Healthcare services ^a		Social services ^b		Charities ^c		South African ^d		Other African ^e		Black ^f		Coloured ^g		Indian ^h		White ⁱ		Primary School ^j		High School ^k		College ^l	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
TANG1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
TANG2	--	--	--	--	--	--	3.71	1.02	3.77	.71	--	--	--	--	--	--	--	--	--	--	--	--	--	--
RELIAB1	4.00	.93	4.19	.94	3.79	.96	3.92	.98	3.69	.73	--	--	--	--	--	--	--	--	--	--	--	--	--	--
RELIAB2	4.08	.76	4.16	.84	3.82	.96	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
RELIAB3	4.23	.76	4.10	1.00	3.87	.93	3.99	.95	3.79	.80	3.87	.91	4.09	.94	4.12	.84	3.76	1.03	--	--	--	--	--	--
RESPONS1	--	--	--	--	--	--	--	--	--	--	3.97	.92	4.05	.98	4.50	.76	3.69	1.04	4.12	1.01	3.98	.92	3.87	1.02
RESPONS2	4.29	.61	4.54	.72	4.08	.91	--	--	--	--	4.23	.79	4.25	.82	4.50	.76	3.91	1.19	--	--	--	--	--	--
RESPON3	--	--	--	--	--	--	--	--	--	--	3.94	.94	4.02	1.02	4.75	.46	3.72	1.19	--	--	--	--	--	--
ASSUR2	4.29	.64	4.39	.80	4.03	.83	--	--	--	--	4.17	.77	4.19	.79	4.12	.64	3.85	1.05	--	--	--	--	--	--
ASSUR3	--	--	--	--	--	--	--	--	--	--	4.08	.94	4.16	.88	4.62	.52	3.76	1.21	--	--	--	--	--	--
EMPATH1	4.21	.70	4.14	.78	3.94	.97	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
EMPATH2	--	--	--	--	--	--	--	--	--	--	3.89	.85	4.08	.79	4.12	.99	3.81	1.13	--	--	--	--	--	--
EMPATH3	--	--	--	--	--	--	--	--	--	--	4.02	.91	4.06	.88	4.38	.52	3.74	1.22	--	--	--	--	--	--

^aN=52, ^bN=97, ^cN=303, ^dN=401, ^eN=39, ^fN=179, ^gN=189, ^hN=8, ⁱN=54, ^jN=91, ^kN=253, ^lN=95

7.3.2. COVERING LETTER

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Dear NPO Director,

You probably know that the Graduate School of Business began working with organisations providing care to HIV+ clients two years ago. We have listened to you carefully in a series of interviews, focus groups, and meetings. You told us that you'd like our help with two important problems: ① identify how care providers can manage donor relationships better and ② provide a benchmark so that care providers can understand how clients perceive the quality of their services. After a comprehensive review of the international literature, it's clear to us that these problems are common worldwide. There is an urgent need for research to assist the care provider network in your area.

You can help us to help you by participating in our current research project, which is the first study of its type anywhere. Participation is free of charge to you. As a participant, you will receive a complete report on the findings, which will also offer guidance on best practices and ways to achieve improved financial and service performance.

Participation is easy as ①②③.

- ① As the director or manager of your organisation, you will need to complete a 20-minute questionnaire. You have a choice of filling out a paper-and-pencil or online format.
- ② One employee (or volunteer) and three clients will be asked to complete a 10-minute paper-and-pencil questionnaire. Printed copies will be available in English, Afrikaans, and Xhosa.
- ③ A donor of your choice will be sent a 5-minute questionnaire. A fax or online format will be offered. Donors can choose whichever format most convenient for them.

These 3 steps are important and address different issues that we think will help you.

As a Project Care participant, you will be invited to a four-hour training seminar on strategy and performance evaluation held in Cape Town at the GSB. In the seminar, you will be presented the findings and instructed on how to apply them to your organisation.

If you are interested in participating in Project Care, please email me before August 8th to confirm your interest. I will be administering the study and look forward to meeting you.

Sincerely,

Ms. Maha Golestaneh,
Research in Marketing Lecturer

Doctoral Degrees Board

University of Cape Town
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Please complete and return to the Doctoral Degrees Board, University of Cape Town, when submitting your thesis for examination

PHD THESIS TITLE: MARKET ORIENTATION, DONOR RELATIONS, AND PERFORMANCE OF SOUTH AFRICAN HIV/AIDS CARE PROVIDERS

I Maha Golestaneh hereby

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2. SIGNED: _____

DATE: February 16, 2009