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## Perceived market orientation and church participation

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### Abstract

*Over the recent years, the concept of market orientation has become an attractive avenue for research in marketing. However, despite an array of theories, a systematic framework investigating the role of market orientation in non-profit organizations remains limited. Through the integration of concepts from church participation and marketing literature, the study put forth a comprehensive model that describes the role of market orientation in church participation phenomenon. The study found support for the positive association between 'perceived market orientation' and respondents' extent of participation in church-related activities.*

**Keywords:** Church Marketing, Market Orientation, Church Participation, Non-profit

## **Perceived market orientation and church participation**

Most studies in religious participation observed church participation as initiated by religious antecedents such as beliefs, motives, and valued outcomes, whereas a very limited number of empirical studies have been devoted to examine the role of market orientation in religious participation. The present study aims to contribute to the body of literature the application of 'perceived market orientation' construct to explain church participation phenomenon. Whereas the term 'religious participation' is diverse in nature, the present study focuses on participation in Christian churches as the research context. Consequently, the term 'church participation' and 'religious participation' is used interchangeably in this article.

### **Theoretical Perspectives**

#### **Market Orientation**

Deshpande and Webster (1989) define market orientation as an organisational culture that possesses a set of shared values and beliefs in prioritising the customers in strategic planning. Although still relatively few, there are an increasing number of studies that investigate the role of market orientation in non-profit organisations. A substantial number of studies have been devoted to examine the existence of market orientation (Graham, 1995; Mayfield and Crompton, 1995; Siu and Wilson, 1998; Van der Haart, 1990), antecedents to market orientation (Evans et al., 1996; Hayden, 1992; Scrivens, 1987), and the relationship between market orientation and performance (Balabanis et al., 1997; Bennett, 1998; Caruana et al., 1998; Voss and Voss, 2000; Wood and Bhuian, 1993; Wrenn, 1996) in non-profit context.

While studies in the subject of market orientation usually involve employees as study participants, the present study examines market orientation from consumer perspective. The examination of market orientation from customer perspective, also known as Perceived Market Orientation (PMO), is still at its infancy in the literature (Krepapa et al., 2003; Steinman et al., 2000; Webb et al., 2000). This study aims to contribute to the body of knowledge in marketing literature through the application of PMO in non-profit context.

#### **Market Orientation in the Church Sector**

Church serves as an attractive research context for the examination of relationship between market orientation and consumer participation due to the important role of members' participation in the production and delivery of church services. As the resemblance between the role of church members and consumers have been discussed in the literature (Santos and Mathews, 2001), this study proposes to contribute to the notion of consumer participation in marketing literature with church participation as the research context.

Although the introduction of the term 'market orientation' in church settings was proposed in the early 1990's (Shawchuck et al., 1992; Wrenn, 1993a), the root of marketing orientation in churches can be traced back to Martin Buber's (1937) 'I-You' theological exposition. Buber (1937) argues that when we relate to others as objects (I-it), we see them in terms of what functions they can do for us, but when we relate to others as subjects (I-You), we see them as having feelings about the interaction as we do. Consequently, the I-You principle is considered the heart of market orientation (Stevens et al., 2005, p.81; Wrenn et al., 1995,

p.20), as nurturing church members via their relationship with the church leaders, other church members, and external publics is considered the primary objective of a marketing-oriented congregation.

### **Market Orientation and Church Participation**

The relationship between market orientation and church participation has been conceptually proposed in the church marketing literature (Considine, 2001; Wrenn et al., 1995). In an attempt to apply the notion of customer service in church settings, Wrenn (1993b) define 'satisfied customers' in church context as: "The members [who] want to continue to remain active participants in the church" (Wrenn, 1993b, p.252). Wrenn (1993b) emphasises the importance of satisfying church members as a matter of necessity and principle. In another study, Wrenn (1995) pointed out that adopting market orientation is the key to delivering member's satisfaction, as market-oriented churches always attempt to design services that are relevant to the needs, wants, and interests of existing and prospective church members.

Considine (2001, p.38) proposes the following link between market orientation and attendance commitment:

"if a marketing-oriented church is successful in identifying the spiritual and emotional needs of its members and then able to provide the types of programs and services that address these needs, then such a church should enjoy increased involvement and participation from its members"

Considine (2001) added that successful implementation of market orientation can also result in more contribution from the church members in the forms of financial giving and volunteering activities. In a similar tone, Wrenn, et.al (1995, p.18) argue that "to the extent that their needs and interests are being served, the people will respond by making gifts of time, talent, money, and prayerful concern". Although the arguments above have proposed a conceptual link between market orientation and church participation, there have not been any empirical studies devoted to support the link between the two constructs. In the light of these arguments, the following hypothesis is proposed:

#### *Hypothesis 1: Market Orientation is positively associated with Church Participation*

This study adopts the 'component-wise' approach (Han et al., 1998; Lukas and Ferrell, 2000) in which the market orientation construct is disaggregated into three distinct components (customer orientation, competitor orientation, and interfunctional coordination) to examine the significance of each dimension on the dependent variables. Consequently, the following hypotheses are proposed:

*H1a: Customer Orientation is positively associated with participation*

*H1b: Competitor Orientation is positively associated with participation*

*H1c: Interfunctional Coordination is positively associated with participation*

## Methodology

### Sample

In this research, the target populations are regular church goers (CG) in Assemblies of God denomination. The choice of respondents for this study was considered in relation to the knowledge required on the particular issues under examination. Since the self-administered questionnaire incorporates sections on people's perception of the market orientation and brand orientation of the church, the respondents must have substantial exposure to church environment. 1085 questionnaires were distributed in thirteen churches that participate in the study. A total of 344 usable questionnaires were received from CG participants, giving a response rate of 31.7% which is considerably high given the absence of incentive.

### Variable measurement

#### *Market orientation*

This study uses a modified version of Narver and Slater (1990) market orientation scale. Since this research examines market orientation from customer perspective, the wording needs to be modified to reflect customer perception. The modification procedure follow closely the recommendations of previous researchers on the application of market orientation scale in non-profit settings (Gainer and Padanyi, 2005; Padanyi and Gainer, 2004; Wood et al., 2000). The respondents were asked to rate the extent to which the church performs in three dimensions of market orientation ranging from *not at all* – to *a great extent*.

#### *Church participation*

For the purpose of this research, 'church participation' includes respondents' participation in church-related activities other than Sunday Service such as cultural event, fundraising event, and social activities. The list of items listed in this section incorporates the different range of activities offered by the thirteen churches participate in this study. In this section, respondents were asked to score their level of participation in these activities over the past three months ranging from *never* to *always*.

## Analysis and Results

### Scale Validity and Reliability

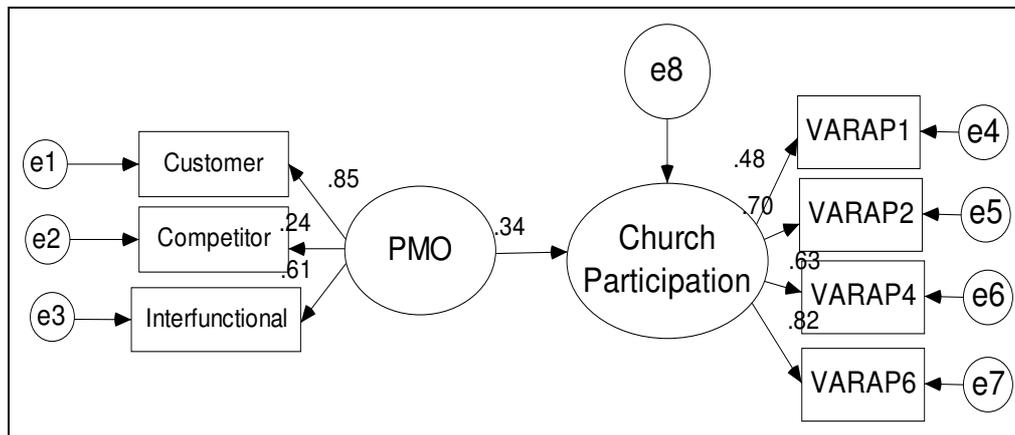
Confirmatory Factor Analysis (CFA) procedure is implemented to refine the constructs and to assess the convergent and discriminant validity of the constructs through an observation of the factor loadings. The reliability of constructs, on the other hand, was measured using internal consistency formula in the form of Composite Reliability (C.R) (Fornell and Larcker, 1981). Both market orientation ( $\alpha = .88$ ) and Church Participation ( $\alpha = .85$ ) are found to possess excellent reliability level.

An assessment of measurement model fit is considered an essential step prior to the assessment of structural model (Hair et al., 2006). The market orientation measurement model fits the data well as indicated in the fit measurement indices including Normed Chi-Square (NC) of 2.675, GFI (.959), AGFI (.923), RMSEA (.070), TLI (.947), NFI (.945), CFI (.964). The Normed Chi-Square of church participation measurement model exceeds the ideal level

(5.703) but other fit indices including GFI (.983), AGFI (.916), RMSEA (.073), TLI (.914), NFI (.966), and CFI (.071) indicates good fit between the model and the data.

### Tests of Hypotheses

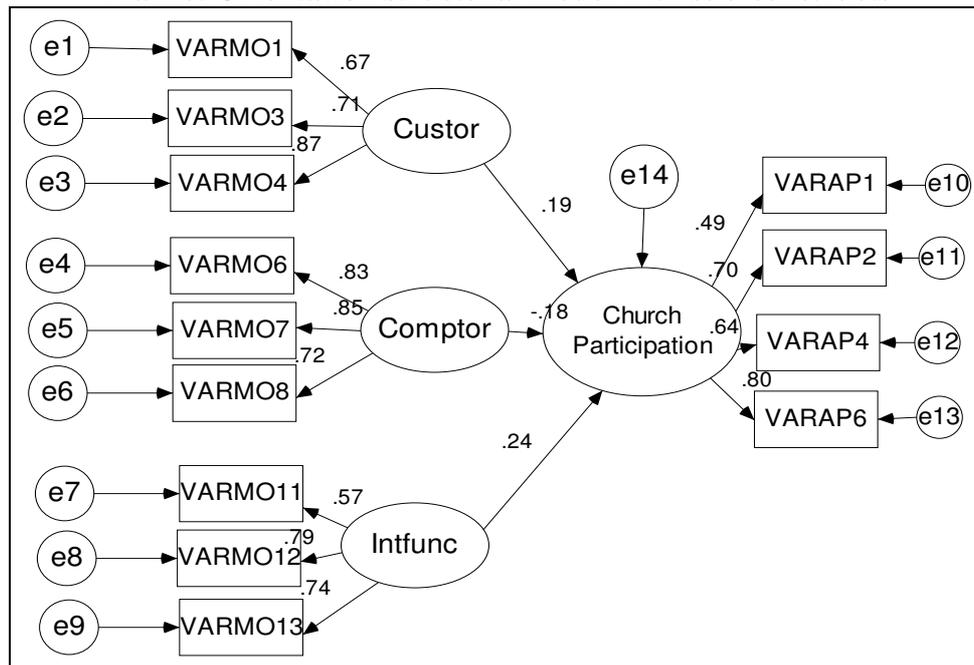
**Figure 1**  
**Market Orientation – Church Participation Structural Model**



An examination of the fit indices suggests moderate fit between the model and the data. On one hand, the RMSEA (0.084) and TLI (.898) are outside the acceptable range and the Chi-Square was found to be statistically significant ( $\chi^2= 44.406$ ,  $df=13$ ,  $p=.00$ ). On the other hand, the Normed Chi-Square (3.416) is still within the acceptable range ( $< 5$ ). Other indicators such as GFI (.962), AGFI (.918), NFI (.914), and CFI (.937) are all above the recommended fit level. Another structural model is employed to test the corollary hypotheses.

The following model incorporates three dimensions of market orientation to determine which dimension performs the strongest effect on church participation. An examination of the GOF indices suggests that the model fits the data very well. Although the Chi-Square was found to be statistically significant ( $\chi^2= 139.736$ ,  $df=59$ ,  $p=.00$ ), the Normed Chi-Square (2.368) is within the recommended range. Other indicators including RMSEA (0.063), GFI (.936), AGFI (.902), TLI (.930), NFI (.913), and CFI (.947) are all above the recommended fit level.

**Figure 2**  
**Market Orientation structural model with sub-constructs**



### Discussions and Conclusions

An examination of the standardised factor loadings and Critical Ratio in Figure 1 indicates that market orientation is positively associated with Church Participation ( $\beta = .34, p < .001$ ). These results lend support to H1, suggesting that respondents' perception of the market-orientation level of a church is positively associated with their extent of participation in church-related activities.

An observation of the sub-constructs in Figure 2 reveals that Interfunctional Coordination is the strongest determinant of Church Participation ( $\beta = .24, p < .05$ ), lending support to H1c. Customer Orientation is also found to be positively associated with Church Participation ( $\beta = .19, p < .05$ ), lending support to H1a. The results suggest that respondents' perception of the church performance on these two dimensions is positively associated with their level of church participation. Regarding Competitor Orientation, the path coefficient is statistically significant ( $\beta = -.18, p < .05$ ). However, the sign is reversed thereby failing to support H1b.

This study has contributed to the body of marketing literature through the application of Perceived Market Orientation construct to explain church participation phenomenon. As the literature of PMO is still at its infancy, there are future research opportunities for the application of PMO in other non-profit sectors and how it relates to other aspects of consumer behaviour relevant to the non-profit sector such as financial donation and volunteering. The present study also contributes to church participation literature through an investigation of the role of market orientation in encouraging church participation. Church leaders should embrace market orientation philosophy, particularly relating to customer orientation and interfunctional coordination, to enhance the participation of existing church members and attract prospective members.

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