

## Article

# Market Orientation in NGDOs: Construction of a Scale Focused on Their Stakeholders

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**Abstract:** Nongovernmental development organizations (NGDOs) have traditionally enjoyed notable recognition and visibility within the field of nonprofit organizations. However, the situation of this sector is problematic in its need to respond to various threats whether programmatic, financial, or of social legitimacy. This study poses as a hypothesis that market orientation, as a management philosophy which many NGDOs could adopt, may be fundamental for them to deal successfully with the challenges they face. An analysis of the literature on market orientation in the nonprofit sector showed that the existing models of market orientation did not adequately capture NGDOs' real working context, thus recommending a broader market approach based on proposals oriented to the stakeholder and to social aspects. For this reason, the objective of the study was to create a scale of market orientation adapted to the reality of the work of NGDOs. Analysis of a sample of 104 Spanish entities allowed an eight-factor market orientation scale for NGDOs to be created and validated, which reached optimal values of reliability and validity.

**Keywords:** nonprofit market orientation; nongovernmental development organizations; Stakeholder orientation; Social orientation

## 1. Introduction

After more than four decades of cooperation among countries to eradicate poverty in the world, the beginning of the 21st century brought the biggest global agreement of cooperation for development reached until then: the approval in the United Nations of the Millennium Development Goals (MDGs) for the period 2000–2015. The 2015 Agenda concluded with some important challenges that the eight MDGs did not entirely cover, such as: eliminating gender inequality, reducing global inequalities between rich regions and developing regions (especially the gap between the rural and the urban worlds), mitigating environmental degradation and minimizing the consequences this has for the most vulnerable populations, protecting populations from the serious impacts caused by armed conflicts, and guaranteeing access to basic services for the hundreds of millions of people who still live in a situation of poverty.

In 2012, the lessons learnt allowed a planning space to be opened for the next period that culminated in the approval in September 2015 of the 2030 Agenda for Sustainable Development. The Sustainable Development Goals (SDGs) that currently guide and serve as a reference for the public and private actors in the field of development cooperation are taken from this Agenda.

Nongovernmental development organizations (NGDOs) are undoubtedly one of the actors who, according to the 2030 Agenda, need to adapt their roles and areas of work to the new context. NGDOs are a specific type of nonprofit organization (NPO), characterized and differentiated from other NPOs

by their necessarily international character, external projection, and orientation to causes related to the eradication of poverty in developing countries, to international cooperation for the construction of a more just world, solidarity, respect for the environment, and the guarantee of human rights. Zavala (1994) defined the concept of NGDOs as “organizations with a social, independent, and autonomous nature, juridically founded, and which act without a profit motive. Their activities are aimed at channelling public and private economic resources to carry out autonomous projects for development in underdeveloped countries in a manner complementary to those carried out by governments and official organizations. This action is complemented by activities of awareness-raising and education for development within our society concerning the realities of Third World countries and North-South interdependence, and with lobbying or political pressure activities aimed at governments and agencies.”

Apart from conceptual characterizations, NGDOs are differentiated from the many other nonprofit entities because of the high level of recognition they enjoy among the population. The large NGDOs are, without a doubt, the best-recognized social entities among citizens, to the point that it is easy for the term NGO to be confused with and assimilated by that of NGDO. There is no doubt that the size, trajectory, and reputation of their actions (for example, food aid in acute food crises, humanitarian action in the face of environmental disasters or armed conflicts, and carrying out projects to reduce poverty in countries with low rates of development) as well as their international dimension explain much of this renown.

However, such recognition does not guarantee a path free from threat. With a very active presence in the international cooperation sector for six decades, NGDOs are now immersed in a complex period of crisis that demands them to reinvent themselves, or at least redefine their roles and actions. Analysis of the situation of the NGDOs in the case of Spain revealed three key elements that throw a shadow on the future of the sector: the sharp budget cuts in Official Development Assistance (public funds destined for international cooperation which have traditionally been the main form of financing for the projects carried out by NGDOs), the arrival of the new Agenda for Development and the consequences that this may have for the role of NGDOs, and a growing disconnect between NGDOs and their social bases.

To solve these problems, NGDOs should strive to transfer the strengths they have in their work in the South to the activity they are developing in the North (Lewis and Nazneen 2009). It is important that their orientation to the audiences with whom they work, their management of long-term relationships with those audiences, and innovation should be at the center of their planning and strategy (Lewis 2001). They have probably become too focused on transmitting the value of their cause, the importance of eradicating poverty, rather than reflecting deeply on the concrete value they generate for the population (CONGDE 2014b), especially the value that this population expects to receive from them.

These aspects fit perfectly with the current concept of marketing (Webster 1988), and suggest for these organizations changes at three levels: strategic, cultural, and structural. Some of these changes are already being addressed in the sector, to the extent that the diagnosis is already well recognized and accepted, although it is probably still necessary to draw up a model or framework of action to facilitate the transition. The philosophy of market orientation can fit adequately into this puzzle if it is understood as an effective application of the current concept of marketing in organizations, helping those organizations to put their target audiences at the center of their activity, and fostering a participative and proactive culture in the entity aimed at getting to know their audiences better and generating value for them that is in accordance with the expectations those audiences have deposited in the organization.

The objective of the present study is to contribute to the process of adapting market orientation strategies to NGDOs. Specifically, being aware of the great peculiarities and particularities of these organizations (especially in regard to the number and variety of audiences with whom they work), we consider that the known models of market orientation in nonprofit entities do not sufficiently reflect the reality of the work of NGDOs. Therefore, as a specific objective of this study, we propose

to construct, through a validated and reliable scale of measurement, a model of market orientation adapted to the context of international cooperation organizations.

## 2. Theoretical Framework

### 2.1. The Specificity and Problem of NGDOs

NGDOs have always been criticized for their heavy dependence on public funds. This dependence not only poses a financial risk because of over-reliance on the action and orientation of a single type of funder, it also brings into question the independence of the NGDOs and their capacity for political advocacy before those institutions that provide a greater part of the funds which guarantee their survival. In the case of Spain, 52% of the funds received by the main NGDOs (those federated with the Spanish NGDO Coordinator) come from the Public Administration, although this percentage is misleading. If one removes from the study the Spanish NGDOs linked to the Catholic Church and those sponsoring children (which receive a lot of funding from private sources), this only means excluding ten entities, and the rest of the sector in Spain is actually 70% financed with public funds (CONGDE 2015a).

As a result of their financing structures, these entities have been confronted with a very bleak outlook as a result of the global financial crisis. In Spain, public funds earmarked for development cooperation were reduced by 57.9% during the period 2011–2015 (CONGDE 2014a), which meant a loss of funding estimated at more than €2500 million. This scenario has not improved since 2015. Although the decrease in Official Development Assistance (ODA) is no longer significant, neither has there been any return to previous levels that would allow one to visualize a recovery in the sector even to a situation similar to that which existed before the economic crisis.

One of the most notable consequences of this situation (the economic crisis led Spain to allocate less than 0.2% of its GDP to Development Assistance, when in 2010 this figure was about 0.45%) is an important reduction in the projects executed by the NGDOs, a weakening of their organizational structures, and, in many cases, even the disappearance of the organization. It is estimated that approximately 20% to 30% of Spanish NGDOs have disappeared since the beginning of the economic crisis (López 2012). No greater threat to the sector can be imagined. It can only be countered by seeking strategies to increase private financing, diversifying the sources of financing by including or increasing the number of donors (private individuals and businesses).

Furthermore, the change of approach in the 2030 Agenda, which now focuses on the reduction of inequalities as against the classic focus of eradicating extreme poverty, represents a new scenario in which the NGDOs must find their place. Addressing the problem of poverty from a global perspective under a prism of sustainability implies redefining the scope of the work these organizations have to do, and brings out the need to find spaces for joint participation with other social movements which might initially be far removed from the field of international development cooperation.

The growth of new instruments of bilateral cooperation (such as programmatic aid) and other forms of cooperation (South-South cooperation or triangular cooperation) also detracts from the significance of the classic working tools developed by NGDOs—projects and programs of cooperation.

The sector is therefore currently in a process of redefining itself and adapting to the role that it must play as an actor in the overall cooperation system. It is essential to mark the differential value of NGDOs, since this can form the base on which to build their identity in the current context. Their strengths can be connected with forthcoming programmatic challenges, among which one might identify the following (CONGDE 2012):

- Redefine and strengthen NGDOs' political role. Build an international advocacy network to defend the sector's values and principles, and include within this network other social agents who also defend human or environmental rights.
- Deepen the analysis, specification, and reflection concerning the desirable development model at a global level.

- Contribute more effectively to the political strengthening of local civil societies.
- Recover the common discourse that focuses on the values that NGOs defend but which have become blurred in an era dominated by an excessive focus on technical interventions.
- Balance the capacity for close work in the South with communications and advocacy actions, favoring a stronger relationship between what is carried out in the field and education for development programs.
- Maintain and defend as a main strength their work experience in the field, from a focus on the contribution that NGOs can make locally to improvement in the quality and efficacy of cooperation for development.
- Strengthen the relationship with the private sector as an emerging actor in the cooperation system, accompanying them in their arrival at the same time as ensuring their compliance with ethical business conduct in development.
- Advance towards flexible models of networking and alliances with other social movements.
- Move towards new models of funding that are less dependent on public contributions.
- Recover society's participation, strengthening the social base's identification with the organizations.
- Adapt to the newly emerging models of society. Break the rigidity of current planning models so as to facilitate adaptation to a rapidly changing environment.
- Improve NGOs' communication with their social base, adapting it to the new social realities, and in coordination and balance with education for development.

In sum, the number and dimension of the challenges identified envisage an uncertain future that attaches considerable importance to the political role of these organizations. Their capacity for advocacy, education, and transformation emerges with strength as against the classic approach to carrying out projects. Undoubtedly, the value of NGOs in the South must not be lost, with their being experts and knowledgeable about local realities above any other actor. But their repositioning poses challenges mostly identified with their working in cooperation with other movements, their dialogue with the political sphere, their capacity to mobilize and activate citizens, their construction of networks, and their communication of education for development.

These challenges will require the NGOs to be better coordinated and to connect with other actors, especially with other NGOs so as to strengthen working networks, and with other social movements so as to build together a fabric of association (CONGDE 2015b). Under this premise, the NGOs face the challenge of working in the North much more closely with other stakeholder groups, something that they have traditionally taken on and developed satisfactorily during their interventions in the field. Broadening their focus brings with it the challenge of building a joint agenda, seeking the interrelationship of causes, approaches, proposals, and visions (CONGDE 2015b) shared with movements established traditionally in other areas. Undoubtedly the new role of NGOs suggests a greater orientation towards other factors beyond their classical orientation to the donor, the beneficiary, and other NGOs (Balabanis et al. 1997; Caruana et al. 1998; Bennett 1998; Gainer and Padanyi 2002; Vázquez et al. 2002; Macedo and Pinho 2006; Brady et al. 2011; Mulyanegara 2011; Mahmoud and Yusif 2012; Pinho et al. 2014). In this sense, the Spanish NGO Coordinator accepts as a challenge the need for greater rapprochement and partnership with other agents such as universities, the private business sector, the public sector, other countries' coordinators and platforms, and other organizations and social movements distinct from cooperation but convergent in values (CONGDE 2015b).

Finally, although NGOs continue to be one of the institutions that different barometers and social surveys find to be most valued by society, the real support they receive from civil society is shrinking, and many of these entities have serious problems in maintaining stable a consolidated social base that will give it support (through volunteering, timely participation in events or campaigns, economic contributions, etc.). An added effect is that the loss of social support diminishes the NGOs' legitimacy in their role as political advocates before public authorities, and weakens their capacity to transform and foster awareness.

The perception that NGOs have regarding this issue is that civil society is moving towards areas in which NGOs are generally not the referents for change. This is largely because their language and practices have both become outdated, and therefore seem increasingly distant from society (CONGDE 2014b).

There are many possible reasons for this disaffection, with the following standing out (CONGDE 2015b): (i) the role of political advocacy undertaken by NGOs has led them to work more with public authorities and political parties. Paradoxically, this has affected their relationship with the civil population because they are increasingly being seen as part of the system which they initially confronted, (ii) dependence on public financing has reduced the independence and critical spirit of some organizations, and this has been penalized by the population, (iii) the increase in activities and projects carried out in the field before the arrival of the crisis led some NGOs to neglect working with their bases, and to become perceived as fund-managing entities that are overly professional and technical; and (iv) the organizational and participatory models of many organizations are deficient and obsolete relative to the participation currently demanded by the population. In some cases, there are very visible contradictions between the values that the NGOs proposed and the actual behavior practiced in their management of human resources.

Reality obliges NGOs to rethink their political role and their role as entities for social transformation (Díaz-Salazar 2011; Ortega 2011). They also need to find the causes that have contributed to their loss of legitimacy (CONGDE 2015b) as a preliminary step to addressing the review and reinvention of themselves as organizations, and thus contributing to the recovery of a closer relationship with the population.

There can be no doubt about NGOs' capacity to be very effective in their interventions in projects. However, in the rest of their functions they have very much remained in their comfort zone, it being notorious that they need to raise their degree of collaboration, exchange of information, and cooperation with other audiences so as to facilitate the achievement of the other major objective or challenge they have set themselves—the construction of citizenship through political advocacy, education for development, participation, and social activism.

## 2.2. Market Orientation in Nonprofit Organizations (NPOs)

There is a general consensus in the literature on the extension of the concept of market orientation to nonprofit organizations (Caruana et al. 1997; Balabanis et al. 1997; Bennett 1998; Caruana et al. 1998; Voss and Voss 2000; Álvarez 2000; Wood et al. 2000; Cervera et al. 2001; Liao et al. 2001; Gainer and Padanyi 2002; Vázquez et al. 2002; Padanyi and Gainer 2004; Kara et al. 2004; Macedo and Pinho 2006; Shoham et al. 2006; Morris et al. 2007; Duque-Zuluaga and Schneider 2008; Modi and Mishra 2010; Mulyanegara 2011; Brady et al. 2011; Modi 2012; Mahmoud and Yusif 2012; Pinho et al. 2014; Choi 2014). Its adoption is also made advisable by various factors that characterize the environment of these entities, such as rising demand for their services, increasing competition in fund-raising, and declining government financial support (Álvarez et al. 1999).

For Kotler and Andreasen (1996), applying the market orientation philosophy to NPOs involves a series of six principles of action: (i) start and end their activity planning with an analysis of their target audiences; (ii) allocate resources to market research; (iii) include market segmentation in their strategic scenario; (iv) reduce their reluctance to vary their offer, and hence be able to better satisfy their target audiences; (v) enhance their perception of the competition existing in their sector, regarding as competitors those entities that may be eligible alternatives for their target audience; and (vi) making their satisfaction of the public's needs and wishes dependent on their organizational mission and budgetary capacity.

NPOs can achieve significant benefits from the adoption of a market orientation approach (Shoham et al. 2006) in such terms as fund-raising (Bennett 1998; Clohesy 2003; Brady et al. 2011), relations with citizens (Gwin 1990), and the professionalization of their management of contracted and volunteer personnel (Sherer 2004). Clohesy (2003) suggests that NPOs are just as susceptible as firms are to increases in their institutional rigidity and bureaucratization, and are subject to the same economic pressures to survive as any other enterprise. NPOs are forced to include their vision and

social action in an increasingly complex economic environment, in competition with other organizations and social movements, as well as with business and state social actions. This context requires them to maintain a delicate balance between their social function and their vision of the socioeconomic reality they are a part of (Quarter et al. 2001). The organizations of civil society play a very important role in which they have no choice but to rely on market-based mechanisms, with market orientation being one of them (Putnam 1996; Quarter et al. 2001).

However, the extension of the market orientation philosophy to the field of NPOs also merits reflection. On one hand, there is no consensus on the conceptualization of market orientation in nonprofit organizations (Modi and Mishra 2010) since the diversity of the sector itself means that there have been studies in very different fields, such as theatres, hospitals, private foundations, and social or charitable entities; on the other hand, neither is there any absolutely shared vision of competition. Establishing a competitive approach in a nonprofit environment implies that the NPO perceives its peers as rivals competing for fund-raising, whereas the survival of the organization and its obtaining economic returns are not an NPO's principal goals. Siu and Wilson (1998) argue that the application of market orientation to nonprofit sectors requires disengaging from the concepts of profit and competition, and replacing them with those of orientation to employees and to the long term.

In general, in research published to date, the behavioral or operational perspective on market orientation (Kohli and Jaworski 1990) has dominated over the cultural perspective (Narver and Slater 1990; Álvarez 2000; Mulyanegara 2011; Mahmoud and Yusif 2012; Choi 2014). However, a drawback with the approach of Kohli and Jaworski (1990) is its excessive focus on activities that generate and disseminate information, with less attention paid to the stakeholders or agents with whom to conduct an effective external orientation (Oczkowski and Farrell 1998; Pelham 1993). On the contrary, the cultural perspective proposed by Narver and Slater (1990) emphasizes, instead of the activities that are to be implemented, the agents who will constitute the central axis of the organization's operations (Álvarez 2000). This proposal, which has enjoyed wide acceptance in the business world, may be equally useful in the nonprofit context (Modi and Mishra 2010; Modi 2012).

In practice, one can find works that are halfway between these extremes, either analyzing the generation and dissemination of intelligence about specific agents, such as donors (Bennett 1998; Vázquez et al. 2002; Macedo and Pinho 2006; Morris et al. 2007; Brady et al. 2011), competitors (Bennett 1998; Brady et al. 2011), and beneficiaries (Vázquez et al. 2002; Macedo and Pinho 2006; Morris et al. 2007), or environmental factors (Wood et al. 2000). Their aim is to determine the relationship between the cultural and the operational components of NPOs' market orientation (Álvarez 2000; Gainer and Padanyi 2002).

The idea of approaching the question of market orientation from the perspective of Narver and Slater (1990), focused initially more on the agents than on the activities, has been followed by various other authors. Álvarez et al. (2001), for example, propose applying the concept of market orientation to the duality of markets with which a nonprofit entity has to work, distinguishing between its audience for the acquisition of resources and its audience to whom resources will be allocated. Padanyi and Gainer (2004) conclude that there are multiple facets in nonprofit entities' market orientation, each of them forming an independent construct that is directed towards a different target audience, and affecting different dimensions of performance. In this way, it has been suggested that the view of the concept needs to be extended (Tomaskova 2009), the criticism being that the model of Narver and Slater (1990) only includes two stakeholders (client and competitor), obviating the consideration of other agents with whom an entity maintains relationships. Liao et al. (2001) note that the low level of competitiveness, the presence of various types of stakeholder, and the importance of interfunctional coordination already include different dimensions of market orientation in NPOs. Sargeant et al. (2002) specify five dimensions of market orientation in nonprofit organizations: stakeholder orientation, competitor orientation, collaboration, interfunctional coordination, and sensitivity (capacity to respond to changes in social needs). Similarly, Modi and Mishra (2010) find that market orientation in NPOs comprises beneficiary orientation, donor orientation, peer orientation (a term that replaces competitors), and interfunctional coordination. All these contributions perfectly combine a cultural approach to market orientation with a stakeholder

oriented approach (Ferrell et al. 2010), broadening the vision with which organizations need to adopt the concept, and proposing that its adaptation be closely tied to the reality of the environment of the organizations in which it is practiced. Indeed, this is the approach that will be taken in the present work.

### 2.3. From Market Orientation to Stakeholder Orientation

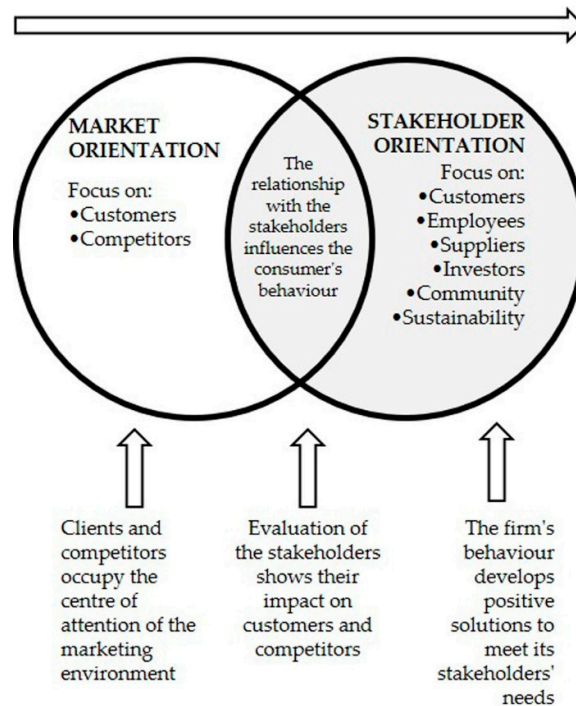
Early definitions of market orientation mostly took clients and competitors as being the key domains for understanding the market (Matsuno et al. 2000). However, many of the criticisms they were to receive referred to the emphasis their measurement scales put on the client (Pelham 1997; Gauzente 1999; Álvarez et al. 2005; Tomaskova 2009). Although many studies then began to address an expansion of the vision to include other elements of the environment, it has only been in this last decade that different researchers have proposed scales which materialize a broadening of the term market by including a larger stakeholder base (Crittenden et al. 2011).

Conceptually, Slater and Narver (1995) proposed that the term market orientation should include suppliers, firms from different industries, consultancies, universities, and government agencies as other agents to focus on, since they can be resources of learning for the firm. Matsuno and Mentzer (2000) proposed the inclusion of participants from the industrial market (competitors, suppliers, and buyers) and of influencing factors (social, cultural, regulatory, and macroeconomic) as agents on which to develop information processing behaviors. This led to the practice of adapting the MARKOR scale with the inclusion of indicators that reflected these operations (Matsuno et al. 2000). More recently, Bhattacharya et al. (2008), Luo and Bhattacharya (2009), Tomaskova (2009), and Kanovska and Tomaskova (2012) have included in the market orientation concept other agents of interest in the organizations' environment, in some cases creating measurement scales that address orientations towards the client, the competitor, or other factors such as distributors, suppliers, the community, and regulatory bodies. From an internal perspective, various researchers (Carrizo and Silva 2013; Rodrigues et al. 2013; Algarni and Talib 2014) have considered it appropriate to include the firm's own employees as one of the target audiences of its market orientation.

This broader perspective (both external and internal) on market orientation is coherent with the management focus on stakeholders (Freeman 1984), which is traditionally considered to be the starting point and dominant paradigm of the theory of Corporate Social Responsibility (Crittenden et al. 2011). In particular, a transition is proposed from a market orientation to a stakeholder orientation (Ferrell et al. 2010) as being the main contribution of the marketing function to the management of the firm from a standpoint of social responsibility. The stakeholder orientation can be defined as a culture and a set of behaviors that induce the members of an organization to be continuously aware of and act proactively on the needs of the stakeholders with whom the organization maintains relationships (Ferrell et al. 2010).

This orientation, although it does not designate any group of stakeholders as more important than any other, claims that not all stakeholders are equal for the firm and neither do they affect its performance in the same way. They need to be prioritized in accordance with the particular contextual aspects (country, industry, strategic group, market segment, etc.) surrounding the firm (Ferrell et al. 2010).

Market orientation contributes to and favors a greater focus on stakeholders. Firms with greater market orientation have a strong outward facing vision and are more likely to exert favorable influences for their interests on other agents beyond their clients and competitors (Narver and Slater 1990). Their involvement with market orientation gives them greater sensitivity and responsiveness to their stakeholder groups which can generate long-term impacts, especially since those groups can influence both the competition and the clients. The acceptance of these arguments seems to imply that there is a positive relationship between market orientation and stakeholder orientation (Maignan et al. 1999) since the former collaborates in the adoption of conduct that is responsible to employees, clients, and the community. However, there is a differential leap implied in the transition towards a stakeholder orientation (see Figure 1). This occurs when the organization is aware of the importance of generating learning processes to successfully address social issues (Ferrell et al. 2010).



**Figure 1.** Transition from market orientation to stakeholder orientation. Source: Ferrell et al. (2010).

However, although studies of this type represent an important step towards broadening the scope of market orientation, until now, many investigations have failed to characterize the nature of these market forces, and do not establish criteria to define the map of participants in a market and the relevant factors of their influence (Ferrell et al. 2010). This aspect raises the prospect of a future field of research into market orientation which needs to be completed with empirical evidence on the relative strengths of the relationship between performance and a stakeholder or a market orientation. Some studies have begun to examine the apparently more beneficial influence of a stakeholder orientation, and therefore suggest its integration into the strategic management scenario to form what is now being called stakeholder marketing (Hult et al. 2011; Hillebrand et al. 2015).

#### 2.4. From Market Orientation to Social Orientation

Sargeant et al. (2002) propose a specific concept of market orientation for NPOs that they call social orientation. These authors start with a reflection on the extension of market orientation to nonprofit entities and extract a series of relevant critical conclusions that justify the adoption of a new approach by way of response.

Among the conclusions proposed by these authors, the following stand out: (i) a market orientation implies the adoption of the marketing concept. However, it would be interesting if the market orientation in NPOs was developed on the basis of a specific marketing concept for this sector, and not from the mere extension of the general concept of marketing to NPOs (also highlighted by Pope et al. 2009). Those authors propose to return to the origin of the concept of marketing, and to understand it as the special sensitivity of serving and satisfying human needs (Kotler and Levy 1969); (ii) some of the concepts inherent in a market orientation are not unequivocally extendable to the nonprofit field. To begin with, the term market itself does not reflect the reality of the work of NPOs. They act in spaces that cannot be called a market in its economic sense. Indeed, NPOs are often the responders to market failures. Nor do those authors consider that the concept of exchange, as it is generally applied, is very representative of the work that NPOs carry out with their target audiences. They put forward Development Aid as an example, for which it is hard to talk about exchange if the beneficiary population does not deliver anything in return to the organization. A change from the concept of exchange to the concept of correspondence may be necessary (Foxall 1989); (iii) it is not at



all clear that the typical components of market orientation will pose no problems in the nonprofit arena. Thus, client orientation may not be very important for many NPOs if they put the search to fulfil their long-term mission above the short-term satisfaction of their employees or recipients. In addition, the search for client satisfaction may be incompatible with the mission if the NPO is developing a social action that arouses no interest for most people. Therefore, it must be borne in mind that giving importance to client satisfaction may in some cases not be the only consideration to take into account. Likewise, the idea of competition is also very different in the NPO field. Even in those cases in which NPOs can compete or dispute to obtain funds, it is not at all clear that their behavior is similar to that of competitive firms; and (iv) the client and competition perspective is too simplistic for the field of NPOs. These potentially act with a much larger number of stakeholder groups (Lovelock and Weinberg 1984) who have to be taken into account when conceptualizing NPOs' market orientation.

Based on this, Sargeant et al. (2002) designed a construct that reflects a philosophy of market orientation that is specific for NPOs. They call this social orientation. Their model starts from a specific background that includes internal elements (of a cultural scope such as mission, values, and beliefs, and of structural and organizational scopes) and external elements (coincidence with the objectives of their stakeholders). These elements influence a central construct which identifies stakeholder orientation, competitor orientation, collaboration, interfunctional coordination, and sensitivity to social problems (see Figure 2). This social orientation must produce a series of favorable results in terms of the NPO's effectiveness and efficiency, reciprocity, and mutual connection (understood as a greater capacity to link or unite the NPO's different target audiences). The achievement of these benefits will contribute decisively to the generation of a social benefit that is directly related to the NPO's mission or cause (Sargeant et al. 2002).

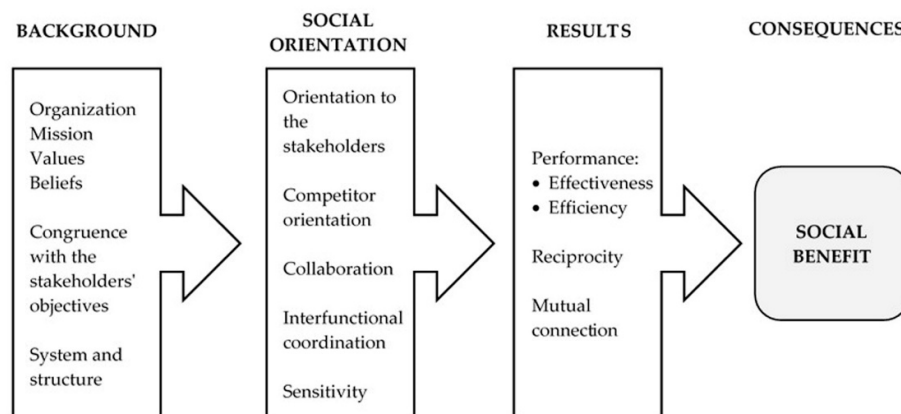


Figure 2. Social orientation model. Source: Sargeant et al. (2002).

### 3. Material and Methods

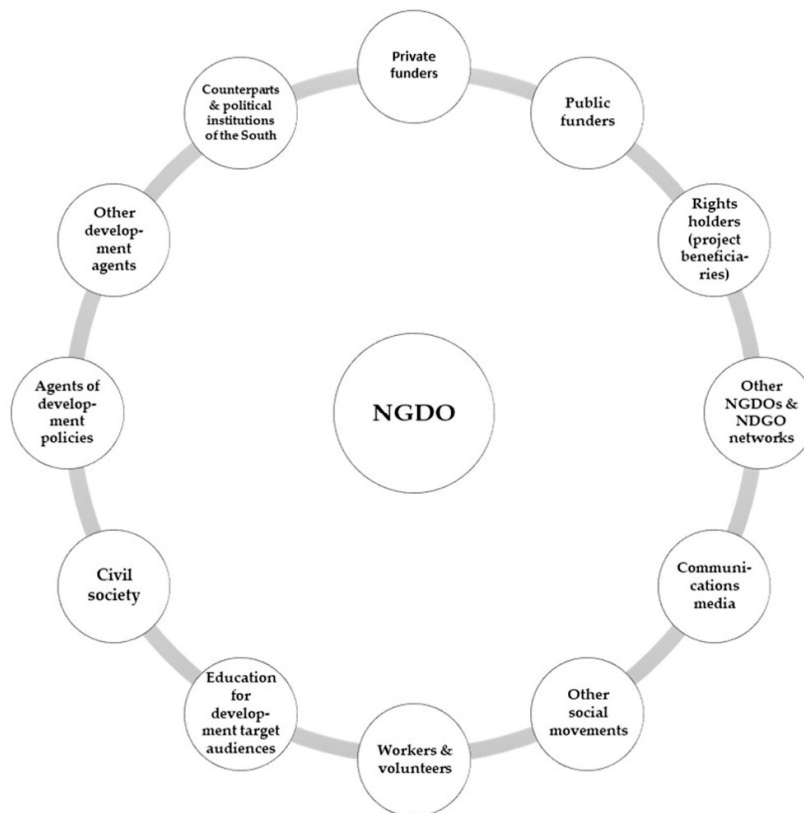
Starting from the specific problems and particularities of NGDOs, and from an approach based on a social orientation to the market—which we consider the most appropriate for this type of entity—the objective of the present work is to construct a scale tailored to market orientation and adapted to the reality of NGDOs that would allow this construct to be measured in a valid and reliable way. The intention, therefore, is to incorporate new factors with respect to the classical scales—factors that provide additional information on other specific audiences that also need to be served by the activity of development cooperation organizations.

#### 3.1. Construction of the Scale

Following the methodological approach proposed by Churchill (1979) and Gerbin and Anderson (1988), we initially specified the domain of the construct in order to fix concretely what the scale is meant to measure, and which elements or factors are included in the concept under study. This would

allow a rational justification of creating a new scale as against other existing ones. As already mentioned, the specification led us to propose a scale adapted to the reality and breadth of NGOs' target audiences under a broad approach of orientation to these organizations' stakeholders. From there, we addressed the process of identifying the dimensions of the scale and generating the indicators of the construct.

In order to determine the dimensions or factors that market orientation might present in the field of NGOs, we started with a recognition of the specific environment in which these types of entity act (see Figure 3).



**Figure 3.** Stakeholders in the environment of NGOs. Source: The authors.

From there, a validation process was implemented through consultation with a panel of experts formed by managers and technical staff of Spanish NGOs. The purpose was to detect and form a consensus on which of these elements of the environment currently constitute stakeholder groups towards whom it is important to practice effective orientation within the process of management of development organizations.

This consultation with the panel of experts was carried out in two phases, following a Delphi method. In the first phase, the experts were consulted about which they believe should be the elements of the environment among those identified in Figure 3 that are especially important for management to consider in terms of orientation. From the initial responses, a list of main stakeholders was prepared (those which had been chosen by at least seven experts). In the second round, a consensus was reached on this list among all the participants. The panel of experts consisted of 12 participants who carry out their professional activity in eight Spanish development organizations and in two NGO Coordinators (one of them being the Spanish Coordinator and the other a Regional Coordinator).

As a result of these two phases, all the participants in the panel of experts agreed on a market orientation structure that contained the elements given in Table 1. To this structure was added a general element—interfunctional coordination (Narver and Slater 1990).

**Table 1.** Market orientation factors in NGOs as determined after consultation with the panel of experts.

Orientation to target audiences in actions and projects (populations of the South, counterparts, education for development rights holders, civil society)
Orientation to other NGOs or NGO networks
Internal orientation: workers and volunteers
Private funder orientation: partners and private donors
Public funder and political impact orientation
Orientation to other development agents (universities, firms, unions, media, ...)
Orientation to other social movements (human rights, environment, women, migrations, etc.)
Interfunctional coordination

A first conclusion drawn from the panel of experts is the difficulty that exists in the sector in understanding the reality of the meaning of market orientation, since the term market itself leads to distancing and rejection among many professionals in the field of cooperation for development. The need to explain carefully what market orientation means, clarifying that it is not related to mercantile or capitalist aspects, raises the possibility of further refining this term to accommodate it to a greater extent to the particularities of the sector. The word market is uncomfortable in the sector, and alternative denominations such target public orientation might attain greater acceptance.

Once the initial dimensions of market orientation in NGOs had been defined, the work of construction of the scales that measured each of these components began. These scales were later to be validated in content by the panel of experts. For the construction of the scales, previous work on market orientation in the nonprofit sector was consulted (Balabanis et al. 1997; Bennett 1998; Wood et al. 2000; Álvarez 2000; Valero et al. 2003; Kara et al. 2004; Macedo and Pinho 2006; Morris et al. 2007; Modi and Mishra 2010; Brady et al. 2011; Mulyanegara 2011; Modi 2012), as well as on internal market orientation (Lings and Greenley 2005). In addition, it was necessary to include a significant number of new indicators that were not extracted from the literature. There were two main reasons for this need to incorporate new indicators: (i) although there are previous works on market orientation in nonprofit entities, these have fundamentally focused on orientations to the beneficiary and to the donor (for example, Bennett 1998; Brady et al. 2011). The new factors identified by the panel of experts had not been measured in previous work; and (ii) although beneficiary orientation and donor orientation, as well as interfunctional coordination, do have important precedents in the literature, in no case did these studies specifically deal with international cooperation entities, so it was necessary to include new, more appropriate, indicators that were specific to the reality of NGOs.

After drafting a list of the items, we again consulted the panel of experts in order to try to improve the wording, ensure their comprehensibility and adaptation to the reality of NGOs, and, in short, attain content validity for the scale. In this process, the wording of 22 indicators was modified and another 12 were eliminated because they were considered incompatible with the reality of the sector. Finally, the final version of the scale included 62 items in the eight identified factors given in Table 1. This initial scale is presented in Appendix A.

### 3.2. Validation of the Scale

A study was carried out to subject the scale to a validation process (Churchill 1979) in which the Spanish NGOs associated or federated with an NGO Coordinator (State or Regional) were contacted. This sample practically covers all the country's NGOs. We thereby obtained 104 valid responses after the process of data cleansing, with the questionnaire having been addressed to persons with managerial responsibilities in their organization. The descriptive data of the sample are presented in Table 2.

**Table 2.** Descriptive analysis of the NGDO sample.

		Value	Percentage
Age of the NGDO	Less than 10 years	3	3%
	Between 10 and 20 years	34	33%
	Between 20 and 30 years	50	48%
	More than 30 years	17	16%
Size of the NGDO	Small	60	59%
	Medium	29	28%
	Large	14	13%
	Very large	1	1%
Geographical scope	Local	39	38%
	National	43	41%
	International	22	21%

The methodological procedure followed to evaluate the properties of the scale was as follows (Churchill 1979; Sanz-Blas et al. 2008):

- Analysis of the internal structure of the scale:
  - Exploratory Factor Analysis of the scale
- Analysis of the measurement instrument:
  - Internal consistency
  - Individual reliability
  - Composite reliability
  - Convergent validity

### 3.2.1. Analysis of the Internal Structure of the Scale

An exploratory factor analysis was carried out for the market orientation scale in order to contrast the internal structure of the data, and verify that it was related to the conceptual structure designed during the scale's construction process. The measures of suitability of the factor analysis are given in Table 3.

**Table 3.** Factor analysis suitability measures.

Statistic	Value	Desirable Value
Kaiser–Meyer–Olkin measure of sampling adequacy	0.772	>0.7
Bartlett's sphericity test	$\chi^2 = 4376.708$	-
	d.o.f. = 1770	-
	sig. = 0.000	sig. < 0.05
MSA	All variables except two have MSA > 0.5	>0.5

Together with the suitability values, the table of correlations between variables showed there to be a large number of significant correlations. The value of MSA (measure of sampling adequacy) was greater than the minimum admissible (0.5) for all except two items. These were therefore suppressed in carrying out the factor analysis. Finally, an exploratory factor analysis with varimax rotation was performed, adjusting the extraction to eight components, the number of factors that guaranteed the minimal variance explained required for social science studies (Hair et al. 2007). The variance explained was 62.64%. Considering the results, those items whose communality coefficient did not reach the minimum value of 0.5 were eliminated from the scale.

Consequently, from an initial scale with 62 indicators, the factor analysis allowed us to determine a final structure that included 55 items which, for the most part, had factor loadings greater than or close to 0.55 and communality coefficients greater than 0.5. Although this result has a notable similarity with respect to the conceptual structure defined a priori, the interpretation provided some important insights:

Factor 1 includes indicators related to the work developed by the NGOs with those agents, both public and private, who can be a source of funding, emphasizing the relationships with such potential funders and the processes followed for fund-raising. Therefore, this factor was defined as funder orientation.

Factor 2 concentrates together indicators that reflect the work of the NGOs with their employees and volunteers, coinciding with the proposed conceptual structure and being dominated internal orientation, i.e., orientation to workers and volunteers.

Factor 3 brings together those items that refer to joint work with other NGOs and other social movements or agents. This component was termed networking orientation: orientation to other NGOs and social movements. It has to be noted here that this same dimension treats together the NGO's work shared with other entities in the sector and the work it carries out with other social movements and agents. This is unlike the initial idea which differentiated the orientation to other NGOs from the orientation to other social movements and agents of cooperation. The decisive component, therefore, is the belief in preparing a joint working agenda with other social entities rather than the specific type of agent or movement involved.

Factor 4, however, does coincide strongly with the initial structure. It addresses the work of orientation towards the principal agents in their projects (both cooperation and education for development) as well as the actions for the projects to be carried out effectively oriented to their target audiences. This component was called target audiences orientation (the target audiences being rights holders and recipients of education for development).

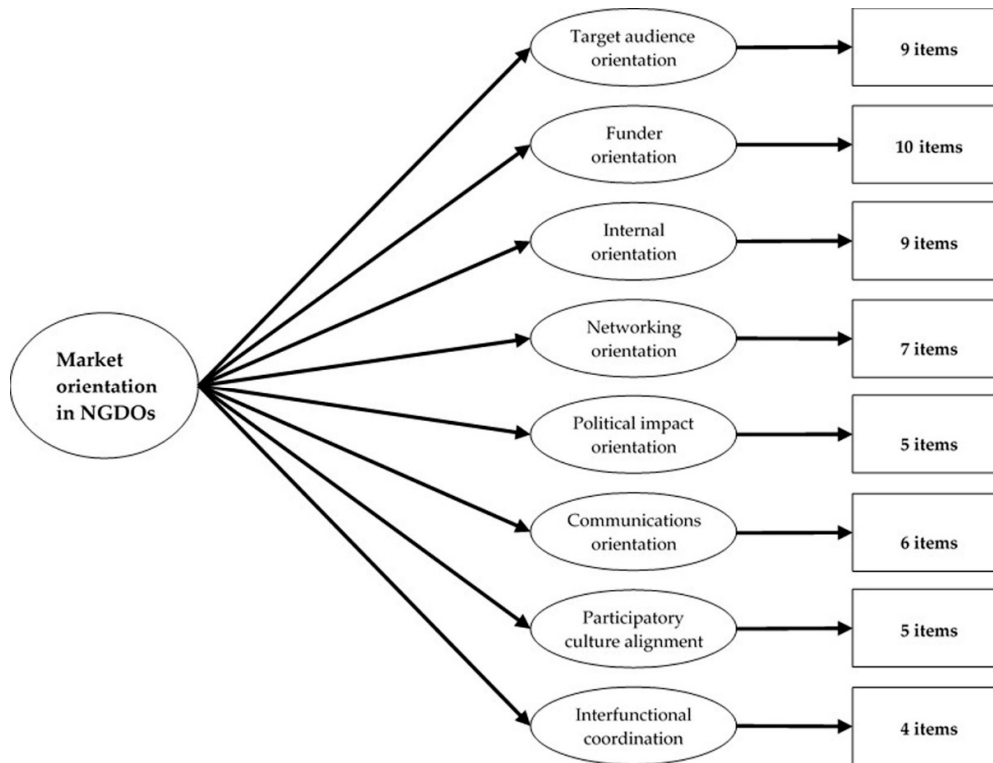
Factor 5 covers aspects directly related to the organization's concern for communication in its two-fold sense—both external and internal communications. The importance of communications as an emerging factor meant an interesting variation with respect to the initial structure, and reflects the interest that the NGOs showed in communication as a fundamental tool with which to approach citizens and improve their internal processes of participation. This factor was termed communications orientation.

Factor 6 includes elements strongly linked to the political advocacy work of the NGOs, as well as to the relationships they maintain with the agents who decide the Agenda and cooperation policy at any of their levels (local, national, or international). This component was thus termed political impact orientation, and involves the work of dialogue with, monitoring of, and presenting claims to public administrations, and of active participation in collegiate advisory bodies.

Factor 7, in terms similar to those of the initial conceptual structure, covers aspects that are inclusive and concern internal coordination between functional areas of the organization and collaborating personnel. Hence, its nomenclature was left unchanged from the prior proposal—interfunctional coordination.

Finally, Factor 8 comprises indicators of improvement of coordination among the different elements of the environment which influence the NGO's activity, both strategically and operationally. They are strongly linked to measuring ethical commitment in the NGO's action, and to promoting a structure of participation with its collaborators. This factor was termed participatory culture alignment with development agents.

The resulting composition of the scale after the exploratory analysis of its internal structure is shown in Figure 4. The results of the exploratory factor analysis are shown in Appendix B (Table A4).



**Figure 4.** Final structure of the scale.

### 3.2.2. Analysis of the Measurement Instrument

The first step in the reliability analysis of the scale was to study its internal consistency. The internal consistency, in this case, was analyzed through the item-total correlations and Cronbach's alpha (Cronbach 1951) of each component or factor (Churchill 1979). In addition, a factor analysis was carried out through the extraction of the principal components of each dimension to determine the percentage of variance explained and the factor loadings of each item (Churchill 1979). This process suggested the elimination of one item from the participatory culture alignment dimension, since its item-total correlation did not reach the minimum value of 0.4, and its suppression improved the factor's alpha coefficient. Finally, we used two random subsamples to verify the validation of the factor analysis, performing the individual reliability tests for each subsample, and then comparing them with the equivalent results for the complete sample (Narver and Slater 1990; Deng and Dart 1994; Álvarez 2000). The scale attained sufficient internal consistency in all of its dimensions (Table 4).

**Table 4.** Results of the internal consistency analysis.

	Total Sample		Subsample 1 (n = 50)		Subsample 2 (n = 51)	
	Cronbach's $\alpha$	Var. Explained	Cronbach's $\alpha$	Var. Explained	Cronbach's $\alpha$	Var. Explained
Target audiences orientation	0.851	46.6%	0.899	56.1%	0.775	37.3%
Networking orientation	0.901	63.2%	0.923	68.9%	0.855	54.0%
Internal orientation	0.885	53.6%	0.904	57.7%	0.825	45.3%
Funder orientation	0.901	54.1%	0.884	52.0%	0.910	57.5%
Political impact orientation	0.836	60.6%	0.851	63.4%	0.820	59.5%
Communications orientation	0.861	59.2%	0.887	63.8%	0.803	51.0%
Participatory culture alignment	0.767	60.4%	0.826	68.6%	0.683	51.9%
Interfunctional coordination	0.823	66.2%	0.813	64.9%	0.828	67.1%

Once the internal consistency of the scale had been evaluated, validity tests of the measurement instrument (individual reliability, composite reliability, and convergent validity) were carried out by means of structural equation modeling, using the partial least squares technique. The software used for this purpose was SmartPLS v3, applying the two-step method. In this, a first-order model is constructed initially to evaluate the individual reliability of the items, the composite reliability, and the convergent validity of the factors. Then, a second-order model is constructed with which to evaluate the individual reliability of the factors, and the scale's composite reliability and convergent validity (Hair et al. 2011).

The individual reliability was evaluated from the first-order model by observing the values of the loading  $\lambda$  that correspond to the correlations of each indicator with its construct. Initially, the value of a loading for the indicator not to be rejected must be at least 0.707 (Carmines and Zeller 1979). However, several researchers believe that this rule should be taken less rigidly in the early stages of scale development (Chin 1998; Hair et al. 2014) or when the scales are to be applied in different contexts (Barclay et al. 1995), so that values of 0.60 or 0.50 may be acceptable. Indeed, Bagozzi and Yi (1988) propose taking a value of 0.6 as the criterion for the elimination of items. In this work, since both situations apply (scale development and application in different contexts), we adopted a minimum threshold of 0.65 for the loading of an item for its individual reliability to be accepted. After this data cleansing process, the scale was left with 49 indicators (see Appendix B).

As does the previously calculated Cronbach's alpha, a scale's composite reliability allows one to verify the internal consistency of the indicators of a construct, i.e., their ability to conjointly measure a given concept (Barroso et al. 2005). The acceptable values of the composite reliability index range between 0.70 for exploratory investigations and 0.80–0.90 for more advanced investigations (Nunnally and Bernstein 1994). Table 5 lists these values for the present case, all of which were at satisfactory levels.

A scale's convergent validity implies that the set of indicators that form a given construct represent the same underlying concept (Henseler et al. 2009), i.e., all the items tend to measure the same reality and nothing but that reality, and thus constitute an indicator with which to perceive the one-dimensionality of the scale. The analysis of the convergent validity is carried out by computing the average variance explained (AVE) (Hair et al. 2011). There is convergent validity in a construct when its AVE is greater than 0.50 (Fornell and Larcker 1981), i.e., more than 50% of the variance of the construct is explained by its indicators (Barroso et al. 2005). Table 6 presents the values of convergent validity of the first-order model. One observes that all cases surpass the acceptance threshold for convergent validity.

**Table 5.** Composite reliability of the first-order model.

Market Orientation	Composite Reliability
Participatory culture alignment	0.857
Interfunctional coordination	0.884
Communications orientation	0.894
Funder orientation	0.929
Internal orientation	0.911
Target audiences' orientation	0.875
Political impact orientation	0.885
Networking orientation	0.923

**Table 6.** Convergent validity of the first-order model.

Market Orientation	AVE
Participatory culture alignment	0.602
Interfunctional coordination	0.656
Communications orientation	0.586
Funder orientation	0.652

Internal orientation	0.533
Target audiences orientation	0.501
Political impact orientation	0.606
Networking orientation	0.631

After checking the properties of the first-order model, we constructed a second-order model. Table 7 lists the reliability and validity characteristics of the final scale. One observes that these characteristics satisfy the conditions of reliability and validity in all cases. In sum, the definitive scale (presented in Appendix B) can be said to be consistent, reliable, and valid.

**Table 7.** Reliability and validity of the final scale.

	<b>Loading (<math>\lambda</math>)</b>	<b>Composite Reliability</b>	<b>Cronbach's <math>\alpha</math></b>	<b>AVE</b>
<b>Market Orientation</b>		0.912	0.889	0.566
Participatory culture alignment	0.774			
Interfunctional coordination	0.679			
Communications orientation	0.761			
Funder orientation	0.667			
Internal orientation	0.824			
Target audiences orientation	0.827			
Political impact orientation	0.731			
Networking orientation	0.737			

#### 4. Discussion

In view of the results, the selection and definition of the proposed market orientation scale was correct, showing itself to be an operational, reliable, and valid measurement instrument. In addition, some interesting observations can be extracted from the final composition of the scale which allow one to characterize the marketing function of the development cooperation sector.

First, it stands out that indicators proposing an analysis of competition with other NGDOs, or an attitude of reaction to the competition, or behavior aimed at seeking differentiation from other of the sector's organizations have all been eliminated. It is therefore notable that, within the field of NGDOs, there is no relevant competitive environment, and the managers of these organizations do not see such an environment as being desirable for the processes they have to undertake.

This low competitive intensity does not convey any need to practice strategies of differentiation. Competitive vigilance is not perceived by NGDOs as being a strategic tool. Among other reasons, this is because they understand such vigilance to represent practices that are typical of a model they do not believe in, and with which they are normally confronted.

On the contrary, cooperation and networking appear to be necessary elements with which to successfully investigate more deeply into the sector's activity in the immediate future. In this sense, the present research has been able to show that cooperation, networking, and aligning and fostering the promotion of a participatory culture among the sector's agents are values that are necessary to achieve an effective market orientation. As a last reason, the strong presence of public funds in these entities' financing structures means that differentiation between them does not have anything like the value it has in the business sector, since this funding is more closely linked to the objective quality of the project proposals that are submitted in response to a formal call than to the perception of the organization's identity or its products.

It is also noteworthy, and probably consistent with the foregoing, that even today the idea of marketing is rejected, or at least viewed with some misgiving, by many NGDO managers. This has meant that indicators referring to the importance of marketing activity, or the monitoring of other NGDOs' marketing activity, have also been rejected. Instead, NGDOs are very clear about the importance of communication (indeed, this emerged as a component in its own right within market orientation), and in many cases are aware of their communications deficiencies (something that is



even more sharply the case the smaller the organization). However, they do not connect these needs with any marketing function, a concept which (like that of competitive intensity which was discussed above), in many cases, their managers see as being incompatible with the organization's values or claims for social justice. In sum, the conception they have of marketing continues to be both very limited and outdated, also detected by Pope et al. (2009) for the field of NPOs. It is very common to hear among NGDOs that they need more resources and capacities to improve their communications, but in very few cases do they actually permit this task to form part of any marketing function.

In the same way, their relationships with businesses are still very complex, and for many organizations, forging such relationships is a step that is hard for them to take. The acceptance of businesses as important actors in development is a topic of constant discussion in the sector. But, in the present study, the specific indicator referring to the improvement of relations with businesses was rejected. This poses an important challenge. Not only can funding contributions come from the effective incorporation of businesses into the field of international cooperation, but also there would be the contribution of businesses' own specific capabilities to the creation of development alliances in which each actor is aiming to mitigate the causes of poverty. The processes of partnerships between businesses and NGDOs represent an important opportunity for better work in development (Barroso-Méndez 2015; Jamali and Keshishian 2009). They require NGDOs to have a more open and collaborative attitude towards the business sector, which until now has been seen only as a potential donor.

In another sense, the results show some variations in the structure of the scale relative to the initial conception. The elements that most stand out are:

NGDOs indeed feel that it is necessary to broaden the scope of their approach to other social movements. However, this must go hand in hand with collaboration among themselves and with networking with other actors in the cooperation system. From this, one can deduce that opening up their perspective does not necessarily imply that these entities will have to learn to work in a new field, nor that they will have to significantly modify their focus or approach. It is only that there will have to be a major advance in the construction of networks given that today's realities demand the inclusion of new partners alongside those who have traditionally been involved.

Furthermore, communication, both external and internal, has acquired the sufficient relevance to emerge as a factor in NGDOs' market orientation, and represents an important challenge for these organizations if they wish to improve their level of market orientation.

Undoubtedly, NGDOs have no difficulties in their degree of orientation towards their target audiences. Their awareness of the reality of the populations with which they work, their formulation of projects in accordance with this reality, integrating these communities in the methodological approach to the identification of projects, cooperating and forming alliances with their counterparts, and the long-term focus of their interventions have long been the main strengths of NGDOs. These strengths have also become strongly internalized because of the use of the Logical Framework approach (Gómez and Sainz 2009) in their identification and formulation of projects. This fact is confirmed in that the orientation towards their target audiences is the market orientation component with the greatest loading or correlation with this construct. But, the orientation towards their funders (which finally was found to be solely an orientation towards private funders) represents the weakest factor in NGDOs' market orientation. This aspect had already been detected by Macedo and Pinho (2006) in the context of Portuguese NPOs, finding that these NPOs are more oriented towards their users or beneficiaries than towards their donors, revealing a low level of proactive behavior in relation to their private funders.

Although NGDOs are generally heavily dependent on public funding, they do not seem to show excessive concern about maintaining any system of surveillance or monitoring of public calls at different levels. In short, the orientation towards the financiers of the organization (especially towards the private ones) emerges as a pending challenge for the sector in the future. The advantage of addressing this challenge is clear. According to Macedo and Pinho (2006), NPOs which are less dependent on public financing reach a greater degree of market orientation than NPOs whose financing comes mainly from public funds. Also, as already mentioned, they are organizations with

a more clearly defined strategic line since they are not excessively exposed to political criteria and directives for granting funds.

Finally, an important distinction was perceived in the work NGOs carry out with Public Administrations, distinguishing between the effort to improve a project's financing and the will to improve public policies related to the eradication of poverty. In this way, as was the case with communications, an important factor emerges: the political impact orientation within NGOs' market orientation. Together with another element detected—the participatory culture alignment—this seems to indicate that NGOs have to play a more responsible and coordinated role within the system as a whole, and that there has been a major advance of these entities in internalizing and putting into practice the principles of the Agenda for Sustainable Development.

## 5. Conclusions

NGOs are facing a moment of transcendental change so as to adapt to the role they will have to play in the 2030 Agenda, a role which is yet to be concretely defined but which already raises important questions about their geographical areas of action, the principles and causes they are to defend, their target audiences, and the instruments they will use in interventions. Nonetheless, it is essential that they retain a good part of their essence and of the distinctive aspects that have served to support their strengths as actors in the system. No one better than the NGOs knows how to connect the high-level scenario, where development strategies and programs are discussed and approved, with the local context in which the populations and communities of developing countries live.

The financial crisis and the disconnection with citizens are also challenges that NGOs must address in order to continue being a relevant and meaningful actor. They need to take some strategic steps to adapt their structures and management to this new reality. Just as their work in the South has always been characterized by their putting the population at the center of their activities, their work in the North also requires a reflection on all the target audiences with whom they have relations so as to properly identify the characteristics, needs, and expectations of those audiences with a view to increasing the value that the organization can bring to each of them.

Numerous studies have proven that the relationship between market orientation and performance is sufficiently consistent to affirm that such an orientation is a good instrument with which to ensure an organization's survival, in both profit and nonprofit contexts. However, the market orientation of NPOs is not equally spread over all of its dimensions (Macedo and Pinho 2006), being much stronger in orientation towards the beneficiaries. This aspect is unsurprising if it is accepted that, in most cases, the management of an NPO is focused on generating value and satisfaction for its beneficiaries, this being part of the very nature of these organizations and an essential component of their mission.

A shared critique of the main scales of market orientation refers to their limited capacity to measure the organization's behavior with respect to elements of the environment other than the market and competition. Hence, there have been recommendations to formally incorporate other environmental factors into the development of future measurement scales, recommendations which have been giving shape to the concept of a stakeholder orientation approach.

This last aspect, the organization's specific environment, is especially important in the field of NGOs since it is greater in magnitude than in other types of NPO, among other reasons, because of their transnational nature. Thus, the concept of market orientation for NGOs must include elements that correspond to orientation towards their private funders (whether individual or business), orientation to their target audiences (rights holders, local counterparts, and agents of education for development), internal orientation (to workers and volunteers), orientation towards public development institutions (both because of their financing aspect and because of their being the source of cooperation policies and plans), orientation towards their peers, and, finally, as a response to the current problems faced by the sector, orientation towards their social base and other social movements. Together with this, interfunctional coordination appears as an additional dimension which reflects the degree to which the NGO's components share a common objective and work

together to achieve it (Sargeant et al. 2002). This proposal is one of a scenario of market orientation which has been redefined under the name of social orientation.

In sum, market orientation may be a good response to some of the challenges NGOs face, but its adaptation requires great sensitivity. It is not a common application, and the sector has important distinctive components which must be taken into account. For example, there must not be a mere extension of the vision of orientation to the competition as it was originally known. Similarly, NGOs need to ensure the maintenance of the balance between improvements in their management and their values and claims for social justice. While they should be more strongly oriented to their target audiences, they should not stop proposing an alternative economic and social model. This is the idea that underlies the concept of social orientation to the market, and is that which is recommended in this research.

Aware of this, we have proposed a specific market orientation scale that addresses these particularities, and is therefore specific for development entities. It has been possible to validate the scale despite it being a very broad-ranging proposal. Its construction has led us to make some recommendations for the management of NGOs. These are: (i) dedicate more resources to the identification and study of potential private donors, going in some depth into market intelligence and market research; (ii) work on the processes and protocols necessary to create a stable and mutually beneficial collaboration framework with businesses; (iii) significantly improve their communications strategies and actions (both internal and external); (iv) ostensibly improve their processes of management and attention to volunteers; (v) put even greater effort into their political advocacy before public powers; and (vi) continue on the path of creating alliances and networking with other social movements or causes with whom they share purposes or missions under the umbrella of human rights and sustainable development.

Starting from the validated scale that has been presented here, one can propose future research in which the scale can be used in models that allow the antecedents and consequences of market orientation in development cooperation organizations to be described. A first challenge will be to analyze whether this model of market orientation in the field of NGOs can explain an improved performance of these entities, in agreement with a large part of the existing literature. In addition, not only will there be studies proposed that apply the scale so as to verify its predictive capacity on other variables of organizational performance or results, but such studies will also serve to conclude the evaluation of the scale in that, by way of these future models, the nomological validity of the scale will be analyzed.

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## Appendix A

**Table A1.** Market orientation scale in accordance with the analysis made by the panel of experts.

Orientation to Target Audiences in Actions and Projects	Orientation to Other NGOs or NGO Networks
<ul style="list-style-type: none"> <li>^ Our organization's objectives are basically focused on the satisfaction of the people and communities our projects and campaigns are directed at.</li> <li>^ Our projects are to a large extent designed on the basis of the information we obtain from research into potential beneficiaries.</li> <li>^ The information and contributions of our counterparts and partners are fundamental in identifying and formulating our projects.</li> <li>^ Our staff in the field maintain a close relationship with the beneficiary groups and our counterparts.</li> <li>^ We plan our education for development actions from the conviction of constructing a global citizenship.</li> <li>^ We try to respond promptly to any change in our target audience's environment, reformulating our projects, improving their quality, or identifying new forms of intervention.</li> <li>^ There is constant concern in our NGDO to achieve legitimacy through civil society's support and recognition of our activity.</li> <li>^ We strive to maintain our long-term relationship with our counterparts and with the communities in which we work.</li> <li>^ There is a major contribution to the formulation of future interventions from the lessons learnt in evaluating our projects.</li> <li>^ Sometimes, during the course of a project, we are more concerned about getting it done than about the actual impact it might be having. (R)</li> </ul>	<ul style="list-style-type: none"> <li>^ Our organization maintains regular contacts with other NGOs or NGO networks, sharing resources and knowledge.</li> <li>^ Our management team regularly discusses collaboration opportunities for future projects or campaigns with other NGOs or NGO networks.</li> <li>^ We share our mistakes and successes with other NGOs or NGO networks so that we can all improve.</li> <li>^ We are convinced that, to achieve our strategic objectives, it is essential to collaborate with other NGOs, or to participate actively in NGO networks.</li> <li>^ We periodically check other NGOs' marketing campaigns and/or projects.</li> <li>^ If some other NGO implements new ideas or strategies which are coherent with our own mission and values, we need to adapt quickly and apply them to our organization.</li> <li>^ If an NGO carries out a campaign that violates the codes of conduct, or uses arguments that harm our position or the image of the sector, we must act quickly to design a response.</li> </ul>
Orientation to other development agents	Public funder and political impact orientation
<ul style="list-style-type: none"> <li>^ We firmly believe in our NGDO that coordination of all the participating agents is required to solve the problem of development.</li> <li>^ The identification and formulation of any of our projects takes into account all of the agents who will be involved or related to it.</li> <li>^ We maintain periodic contacts with other agents (universities, churches, unions, etc.) to devise joint actions or defend shared positions.</li> <li>^ We believe that we must work to enhance our relationships with firms, fostering their more active role in development.</li> <li>^ We try to get our work of sensitization and education for development out to the media.</li> </ul>	<ul style="list-style-type: none"> <li>^ We regularly maintain contacts and meetings with Public Administrations and/or Development Agencies in order to obtain information about everything that affects our NGDO and our projects.</li> <li>^ We actively participate in working groups or Advisory Boards in which master plans and grant calls are discussed/negotiated.</li> <li>^ We firmly believe that one of our objectives has to be political advocacy, and the organization dedicates time and resources to try to improve development policies (national, regional, local).</li> <li>^ We are very attentive in our NGDO to the various International Summits in which changes in the Development Agenda are discussed and decided on.</li> </ul>

<ul style="list-style-type: none"> <li>⤴ We take specific actions to improve our relationship with the media.</li> <li>⤴ We have a formal communications policy setting out the objectives and strategies to improve the presence and quality of our messages in the media.</li> </ul>	<ul style="list-style-type: none"> <li>⤴ We try to incorporate all the changes in the Development Agenda, master plans, etc. into our strategy, projects, and actions as soon as possible.</li> <li>⤴ Our NGDO regularly works with the same public funders. (R)</li> <li>⤴ Our organization has a system for search and tracking public calls from the different administrations or agencies (local, regional, national, and international).</li> </ul>
Private funder orientation	Internal orientation: workers and volunteers
<ul style="list-style-type: none"> <li>⤴ We care about regularly getting information from our partners and donors.</li> <li>⤴ We periodically evaluate (at least once a year) whether our partners and donors are satisfied with the performance of our NGDO.</li> <li>⤴ Our NGDO actively seeks information on potential fund-raising opportunities.</li> <li>⤴ Our NGDO uses feedback from our partners and donors to modify its projects and campaigns.</li> <li>⤴ We have systems in place to periodically evaluate our results in raising private funds.</li> <li>⤴ We are able to detect changes in potential donors' preferences or behaviors promptly.</li> <li>⤴ Our communications and/or marketing personnel contribute great value to our organization.</li> <li>⤴ Our NGDO has laid out precise objectives for fund-raising programs.</li> <li>⤴ Our NGDO keeps to a code or set of ethical principles for fund-raising, and rejects funding from any collaborator which does not comply with those principles. (R)</li> <li>⤴ We try to share our values and principles with our funders, helping them to move forward in behavior that represents greater responsibility and solidarity.</li> <li>⤴ Our NGDO is concerned to include its collaborators (partners and donors) in its strategic planning process.</li> </ul>	<ul style="list-style-type: none"> <li>⤴ We assign enough time and effort to the training of our workers to improve their relationship and interactions with beneficiaries or donors.</li> <li>⤴ We believe our most valuable resource is our personnel.</li> <li>⤴ We are concerned in our NGDO to appropriately manage our volunteers' expectations when they join the organization.</li> <li>⤴ We have a reception and training process that we carry out with the volunteers joining our NGDO.</li> <li>⤴ For us, keeping our staff motivated and satisfied is just as important as the satisfaction of our beneficiaries.</li> <li>⤴ We always try to respond appropriately to the different problems or needs (personal, family, conciliation, etc.) of our workers.</li> <li>⤴ We believe that our NGDO's workers have a component of militancy that distinguishes them from a firm's employees, and this commitment sometimes leads them to take on efforts beyond their work obligations so as to fulfil a mission, or implement campaigns and projects, etc. (R)</li> <li>⤴ In my organization the tasks that volunteers are to undertake are well designed and planned, and adapted to the volunteers' availability for collaboration.</li> <li>⤴ We believe that a good employer is one who ensures the welfare and happiness of their workers.</li> <li>⤴ It seems very important to us that our staff should identify with our mission, values, and standpoints.</li> <li>⤴ Our NGDO strives to include workers and volunteers in both the strategic planning process and the day-to-day decision-making.</li> </ul>
Orientation to other social movements	Interfunctional coordination
<ul style="list-style-type: none"> <li>⤴ We firmly believe that our future lies in broadening our focus and allying ourselves with other affine social movements (human rights, the environment, women, migrations, etc.).</li> <li>⤴ We maintain periodic contacts with other social organizations from different sectors in order to define joint spaces for participation.</li> </ul>	<ul style="list-style-type: none"> <li>⤴ When a problem comes up in a specific project or in the relationship with our funders, it is reported to all of the organization's departments.</li> <li>⤴ All the departments into which our NGDO is divided are actively involved in the process of planning our actions.</li> <li>⤴ Our NGDO's level of interdepartmental coordination is inadequate. (R)</li> </ul>

- |                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ^ While we believe it is important to support other causes or social movements, we are clear that our resources have to be devoted to our own actions of international cooperation for development. (R) | ^ Our NGO's communications or marketing managers interact frequently with the other departments or sections of our organization to exchange information.<br>^ We believe that sharing resources and information between departments is the key to adequately attend to the needs of our target audiences.<br>^ Our organization schedules regular interdepartmental staff meetings to exchange knowledge, discuss changes in the working environment, analyze proposals for the future, etc. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Note: A reverse item is indicated by an R added to the end of the text of that indicator.

## Appendix B

**Table A2.** Definitive scale of NGDO market orientation.

Construct	Items
Target audience orientation in projects	^ Our projects are designed on the basis of the information we obtain from research into potential beneficiaries. ^ The information and contributions of our counterparts and partners are fundamental in identifying and formulating our projects. ^ Our staff in the field maintain a close relationship with the beneficiary groups and our counterparts. ^ We try to respond promptly to any change in our beneficiaries' environment, reformulating our projects or identifying new forms of intervention. ^ There is constant concern in our NGDO to achieve legitimacy through civil society's support and recognition of our activity. ^ We strive to maintain a very long-term relationship with our counterparts and with the communities in which we work. ^ There is a major contribution to the formulation of future interventions from the lessons learnt in evaluating our projects.
Funder orientation	^ We care about regularly getting information (feedback) from our partners and donors. ^ We periodically evaluate whether our partners and donors are satisfied with the performance of our NGDO. ^ Our NGDO actively seeks information on potential fund-raising opportunities. ^ Our NGDO uses feedback from our partners and donors to modify its projects and campaigns. ^ Periodically (at least once a year), we conduct a study or survey with our partners and donors. ^ We have systems in place to periodically evaluate our results in raising private funds. ^ Our communications and/or marketing personnel contribute great value to our organization.
Orientation to networking with NGDOs and social movements	^ Our organization maintains contact and shares resources periodically with other NGDOs or NGDO networks. ^ Our management team regularly discusses collaboration opportunities for future projects or campaigns with other NGDOs. ^ We regularly analyze the strengths and weaknesses of other NGDOs. ^ Our strategic objectives are reached through collaboration with other NGDOs or NGDO networks. ^ In our NGDO we are convinced that development cooperation should be considered a social policy. ^ We firmly believe that our future lies in broadening our focus and allying ourselves with other affine social movements (human rights, the environment, women, migrations, etc.). ^ We maintain periodic contacts with other social organizations from different sectors in order to define joint spaces for participation.

Internal orientation: workers and volunteers	<ul style="list-style-type: none"> <li>⤴ It is worth our while to assign time and effort to the training of our workers to improve their relationship and interactions with beneficiaries or donors.</li> <li>⤴ Our most valuable resource is our personnel.</li> <li>⤴ We try to appropriately manage our volunteers' expectations when they join our NGDO.</li> <li>⤴ We have a reception and training process that we carry out with the volunteers joining our NGDO.</li> <li>⤴ For us, keeping our staff satisfied is just as important as the satisfaction of our beneficiaries.</li> <li>⤴ We try to respond appropriately to the different problems or needs (personal, family, conciliation, etc.) of our workers.</li> <li>⤴ In my organization the tasks that volunteers are to undertake are well designed and planned, and adapted to the volunteers' availability for collaboration.</li> <li>⤴ We believe that a good employer is one who ensures the welfare and happiness of their workers.</li> <li>⤴ Actually, we care more than other NGDOs because our staff feel valued and identified with the organization.</li> </ul>
Communications orientation	<ul style="list-style-type: none"> <li>⤴ We take specific actions to improve our relationship with the media.</li> <li>⤴ We have a formal communications policy setting out the objectives and strategies to improve the presence of our messages in the media.</li> <li>⤴ We do not understand why the media do not give enough coverage to the problem of poverty in the South or the activity carried out by NGDOs. (R)</li> <li>⤴ We are able to detect changes in donors' preferences or behaviors promptly.</li> <li>⤴ Our NGDO's communications or marketing managers interact frequently with the other departments or sections of our organization to exchange information.</li> <li>⤴ The flow of information between our NGDO's departments is slow. (R)</li> </ul>
Participatory culture alignment	<ul style="list-style-type: none"> <li>⤴ Our NGDO has laid out precise objectives for fund-raising programs.</li> <li>⤴ We can say that we know well the people who donate to our organization.</li> <li>⤴ In our NGDO, we firmly believe that coordination of all the participating agents is required to solve the problem of development.</li> <li>⤴ The identification and formulation of any of our projects takes into account all of the agents who will be involved or related to it.</li> </ul>
Political impact orientation	<ul style="list-style-type: none"> <li>⤴ We regularly maintain contacts and meetings with Public Administrations and/or Development Agencies in order to obtain information about everything that affects our NGDO and our projects.</li> <li>⤴ We actively participate in working groups or Advisory Boards in which master plans and grant calls are discussed/negotiated.</li> <li>⤴ We firmly believe that one of our objectives has to be political advocacy, and the organization dedicates time and resources to try to improve development policies (national, regional, local).</li> <li>⤴ We are very attentive in our NGDO to the various International Summits in which changes in the Development Agenda are discussed and decided on.</li> <li>⤴ We try to incorporate all the changes in the Development Agenda, master plans, etc. into our strategy, projects, and actions as soon as possible.</li> </ul>
Interfunctional coordination	<ul style="list-style-type: none"> <li>⤴ When a problem comes up in a specific project or in the relationship with our funders, it is reported to all of the organization's departments.</li> <li>⤴ All the departments into which our NGDO is divided are actively involved in the process of planning our actions.</li> <li>⤴ We believe that sharing resources and information between departments is the key to adequately attend to the needs of our target audiences.</li> <li>⤴ It is important in our NGDO that there is a strong ideological coincidence between the values and principles of the organization and those of its workers. (R)</li> </ul>

**Table A3.** Loadings of the items of the definitive scale.

Construct	Items	$\lambda$	Construct	Items	$\lambda$
Target audience orientation in projects	OP_2	0.682	Internal orientation: workers and volunteers	OI_1	0.662
	OP_3	0.661		OI_2	0.765
	OP_4	0.749		OI_3	0.800
	OP_6	0.762		OI_4	0.730
	OP_7	0.691		OI_5	0.797
	OP_8	0.740		OI_6	0.677
	OP_9	0.689		OI_8	0.699
Orientation to networking with NGOs and social movements	OONGD_1	0.814	Political impact orientation	OI_9	0.688
	OONGD_2	0.833		OI_10	0.738
	OONGD_3	0.834		OF PUB_1	0.785
	OONGD_4	0.815		OF PUB_2	0.740
	OOMS_1	0.795		OF PUB_3	0.729
	OOMS_2	0.779		OF PUB_4	0.830
	OOAD_3	0.679		OF PUB_5	0.805
Participatory culture alignment	OF PRIV_9	0.686	Interfunctional coordination	CI_1	0.724
	OF PRIV_10	0.745		CI_2	0.826
	OOAD_1	0.843		CI_6	0.818
	OOAD_2	0.820		OI_11	0.865
Funder orientation	OF PRIV_1	0.826	Communications orientation	OOAD_5	0.774
	OF PRIV_2	0.785		OOAD_6	0.818
	OF PRIV_3	0.718		OOAD_7	0.806
	OF PRIV_4	0.785		OF PRIV_7	0.728
	OF PRIV_5	0.848		CI_4	0.684
	OF PRIV_6	0.857		CI_5	0.776
	OF PRIV_8	0.825			



**Table A4.** Results of the exploratory factor analysis.

Cronbach's $\alpha$	Factor							
	1	2	3	4	5	6	7	8
	0.901	0.885	0.901	0.851	0.861	0.836	0.823	0.767
	Factor Loading							Communalities
OP_1				0.681				0.530
OP_2				0.723				0.613
OP_3				0.489				0.498
OP_4				0.478				0.492
OP_6				0.611				0.635
OP_7				0.508				0.565
OP_8				0.521				0.603
OP_9				0.467				0.495
OONGD_1			0.776					0.721
OONGD_2			0.695					0.663
OONGD_3			0.717					0.656
OONGD_4			0.749					0.669
OONGD_6				0.487				0.535
OONGD_7							0.511	0.491
OI_1		0.600						0.630
OI_2		0.729						0.631
OI_3		0.686						0.699
OI_4		0.497						0.632
OI_5		0.736						0.705
OI_6		0.740						0.603
OI_8		0.521						0.545
OI_9		0.646						0.650
OI_10		0.655						0.664
OI_11							0.523	0.683
OFPRIV_1	0.780							0.689
OFPRIV_2	0.553							0.666
OFPRIV_3	0.761							0.724
OFPRIV_4	0.731							0.626
OFPRIV_5	0.697							0.740
OFPRIV_6	0.810							0.773
OFPRIV_7					0.636			0.668
OFPRIV_8	0.625							0.652
OFPRIV_9							0.524	0.535
OFPRIV_10							0.536	0.619
OFPRIV_11	0.516							0.535
OF PUB_1					0.497			0.603
OF PUB_2					0.478			0.546
OF PUB_3					0.507			0.567
OF PUB_4					0.703			0.712
OF PUB_5					0.681			0.705
OF PUB_7	0.547							0.582
OOAD_1							0.480	0.633
OOAD_2							0.526	0.589
OOAD_3			0.510					0.574
OOAD_4	0.542							0.662
OOAD_5					0.550			0.648
OOAD_6					0.595			0.708
OOAD_7					0.628			0.742
OOMS_1			0.749					0.713
OOMS_2			0.762					0.712
CI_1							0.789	0.677
CI_2							0.740	0.738
CI_4					0.707			0.685
CI_5					0.531			0.654
CI_6							0.690	0.686

Factor Names: 1: Funder orientation. 2: Internal orientation: workers and volunteers. 3: Orientation to networking with NGOs and social movements. 4: Target audience orientation in projects. 5:

Communications orientation. 6: Political impact orientation. 7: Interfunctional coordination. 8: Participatory culture alignment.

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