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Church Marketing:

The Effect of Market Orientation on Perceived Benefits and Church Participation

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ABSTRACT. The purpose of this paper is to examine the impact of ‘market orientation’ on ‘perceived benefits’ and ‘church participation’. Data was collected from a particular church denomination in Australia using a self-administered questionnaire. Structural equation modeling was used to test the hypotheses. Findings reveal that market orientation is positively associated with perceived benefits and has indirect effects on church participation. This study contributes to the body of literature in marketing through an examination of market orientation from customer perspective, as well as to the research context through providing empirical evidence on the link between market orientation and church participation.

KEYWORD. Church marketing, market orientation, perceived benefits, customer participation, structural equation modeling, non-profit marketing.

INTRODUCTION

Over the past two decades, churches have been increasingly utilized as a research context in studies of the non-profit sector (Abreu 2006; Santos & Mathews 2001; Sargeant 2005) and in studies of services marketing (Rodrigue 2002; Sherman & Devlin 2000; M. S. Webb, Joseph, Schimmel, & Moberg 1998). A review by Stevens et al. (2005) found that at least 25 conceptual papers and 17 empirical studies on churches had been published between 1990 and 2000 in the marketing literature. From 2000 onwards, there has also been an increasing interest in the
application of specific marketing concepts to churches—including marketing communication (Alan 2000; Vokurka, McDaniel, & Cooper 2002; William & Alan 2002); brand image (Abreu 2006); service quality (Santos & Mathews 2001); strategy (Coleman 2002; Keyt 2001; Rodrigue 2002); and market orientation (White & Simas 2008).

Drawing on the conception of marketing as essentially being an exchange process, Stevens et al. (2005, p.77) defined ‘church marketing’ in the following terms:

... the analysis, planning, and management of voluntary exchange between a church or religious organization and its constituents for the purpose of satisfying the needs of both parties. It concentrates on the analysis of constituents’ needs, developing programs to meet these needs, providing these programs at the right time and place, communicating effectively with constituents, and attracting the resources needed to underwrite the activities of the organization.

According to this definition, the constituents (church members, ministers, and members of the public) are the main focus of church marketing efforts. In other words, church marketing aims to identify the needs of a potential target audience and to guide the design of relevant products and services that will satisfy those needs.

Santos and Matthews (2001) proposed two reasons for regarding churches as part of the services sector. First, the majority of services that churches offer—such as weddings, baptisms, and funeral services—are intangible in nature; because intangibility is generally recognised as a distinctive characteristic of a service, churches can therefore be categorised as service providers. Secondly, the level of participation of members in the production, delivery, and consumption of services in many churches is significant. In this regard, church members can be considered productive resources, and even as partial employees, as they provide effort, time, and other input
to the performance of the service. They also actively contribute to the quality of the service, which, in turn, influences their assessment of the overall quality of the church organization. According to Santos and Mathews (2001), this active participation by church members in the production of services characterises churches as part of the service industry.

**THE PRESENT STUDY**

Review of the literature revealed that, despite the increasing number of church-related studies in the marketing domain, there are several gaps of research that the present study aims to address. In particular, although the implementation of marketing techniques in the church context has been extensive, there has been little examination of the effectiveness of these methods in encouraging church attendance (Vokurka, et al. 2002). The majority of previous studies have focused on the *applicability* of marketing techniques within the church context, rather than their *impact* in encouraging church participation (M. S. Webb, et al. 1998). As a consequence, previous studies in this area have failed to contribute to a theoretical understanding of how marketing can be used to motivate attendance. It is thus apparent that there is a need for more research into consumer behavior in this area to examine individual motives for participation in church activities, and to ascertain the potential role of marketing in affecting church participation (M. S. Webb, et al. 1998).

The main objective of this study is to investigate the role of market orientation in encouraging church participation. More specifically, this article examines whether church members’ perception of the organizational market orientation (‘perceived market orientation’) significantly
affects: (i) their perception of the benefits associated with the church’s offerings (‘perceived benefits’) and (ii) the extent of their participation in the church activities (‘church participation’). Furthermore, the paper develops a theoretical framework to empirically test the relationships among ‘market orientation’, ‘perceived benefits’, and ‘church participation’.

The paper is organized as follows: First, we review a number of theoretical viewpoints that offer conceptual support for the relationship between market orientation, perceived benefits and participation. Due to the limited number of market orientation literature in the church context, general concepts of market orientation are used to enrich the understanding of the relationships. Second, we develop hypotheses and a conceptual framework for the study which is then empirically tested. The results are presented followed by discussion, the implications of the study and its limitations.

**MARKET ORIENTATION**

Many studies have examined the phenomenon of market orientation in non-profit organizations (Graham 1995; Mayfield & Crompton 1995; Siu & Wilson 1998; Van der Haart 1990), including studies of the antecedents of market orientation (Evans, James, & Tomes 1996; Hayden 1992; Scrivens 1987) and the relationship between market orientation and performance (Balabanis, Stables, & Phillips 1997; Bennett 1998; Caruana, Ramaseshan, & Ewing 1998; Van R Wood & Bhuian 1993; Wrenn 1996). Whereas financial indicators of profit serve as the focal measure of performance in the commercial sector, the notion of ‘performance’ in the non-profit sector is more commonly interpreted in terms of the ability of an organization to fulfill its
‘mission objectives’ (Liao, Foreman, & Sargeant 2001; Lovelock & Weinberg 1989; Vazquez, Alvarez, & Santos 2002). Consequently, market orientation studies in the non-profit literature tend to focus on the effects of market orientation on the non-financial aspects of the organizations including improvement in relationships (Van R Wood & Bhuian 1993), members’ satisfaction (Chan & Chau 1998), and growth in reputation (Gainer & Padanyi 2002; Padanyi & Gainer 2004).

Despite the increasing number of studies on the application of market orientation to the non-profit sector, the impact of such an orientation on ‘perceived benefits’ and ‘customer participation’ remains under-researched. Further, despite the customer-centred philosophy of market orientation, studies of market orientation have largely regarded it as an employee-perceived phenomenon (Gounaris, Stathakopoulos, & Athanassopoulos 2003). A review of the literature reveals that most studies in this area have been conducted from the perspective of employees; indeed, only ten studies have examined market orientation from a customer perspective, and only one of these (Voon 2006) was conducted in a non-commercial setting.

The examination of market orientation from the customer perspective has been variously referred to as: (i) ‘perceived market orientation’ (PMO) (Baker, Simpson, & Siguaw 1999; Corbitt, Thanasankit, & Yi 2003; Gounaris, et al. 2003); (ii) ‘customer-defined market orientation’ (CDMO) (Krepapa, Berthon, Webb, & Pitt 2003; D. Webb, Webster, & Krepapa 2000); and (iii) ‘perceived customer orientation’ (Dean 2007). The term ‘perceived market orientation’ (PMO) is used to refer to the construct of market orientation used in the present study.
Although the concept of PMO was not formally proposed until the early 1990s, the philosophy of the concept goes back to Drucker’s (1954) argument that marketing is not a specialized activity, but rather the whole business seen from customers’ perspective. According to this view, customers should be the focus of all of an organization’s objectives, and the proponents of PMO therefore argue that the level of market orientation of any given organization should always be assessed from the customers’ perspective (Deshpande, Farley, & Webster Jr 1993; Steinman, Deshpande, & Farley 2000). Deshpande et al. (1993, p.27) observed that: ‘… the evaluation of how customer oriented an organization is should come from its customers rather than merely from the company itself’. Similarly, Webb et al. (2000, p.102) asserted that: ‘… the adoption of [an] employee-defined view of market orientation is one-sided and myopic in that it ignores the vital role of customers in terms of value recognition’. Steinman et al. (2000, p.110) concurred in contending that: ‘… the appropriate level of market orientation is what the customer thinks it should be’. Despite these arguments, the examination of market orientation from customer perspective remains an under-researched topic in the marketing literature.

The ‘perceived market orientation’ construct in the present study reflects the three dimensions of Narver and Slater’s (1990) market orientation construct which are as follows:

The customer orientation dimension is concerned with respondents’ perception of how well the church understands the needs of its members and the extent to which the range of services offered were designed based on this understanding of members’ needs.
The *competitor orientation* dimension is concerned with respondents’ perception of the extent to which the church understands competitors’ strengths and capabilities, as reflected in their collection of competitor information and response to it.

The *interfunctional coordination* dimension is concerned with respondents’ perception of the coordinated utilization of church resources to deliver superior value to its existing members and the community.

**CONCEPTUAL BACKGROUND**

*Overview of the Model*

Figure 1 presents the conceptual model of the present study. The construct of ‘perceived market orientation’ (PMO) is hypothesized as performing direct and indirect effects on ‘church participation’. We develop and test a structural model in which ‘spiritual benefits’ and ‘social benefits’ act as mediators between PMO and ‘church participation’. The rationale behind the model is discussed in the following section.

*Insert Figure 1 here*

*Market orientation and church participation*

The relationship between market orientation and church participation has been conceptually proposed in the church marketing literature (Considine 2001; Wrenn, Shawchuck, Kotler, &
Rath 1995). Considine (2001, p.38) described the link between market orientation and attendance commitment in the following terms:

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

A recent study by White and Simas (2008) is apparently the only empirical examination of the link between market orientation and church performance. The study utilized a modified version of the market scale of Gray et al. (1998) to measure the perceptions of 264 church leaders regarding the level of market orientation of their churches in terms of four dimensions: (i) ‘customer orientation’: (ii) ‘competitor orientation’; (iii) ‘interfunctional coordination’; and (iv) ‘responsiveness’. The authors measured performance in terms of: (i) ‘resource allocation’ (attendance growth); and (ii) ‘resource attraction’ (number of people volunteering and number of hours donated). The study found that market orientation had a weak (but statistically significant) relationship with both ‘resource attraction’ and ‘resource allocation’. An analysis of the specific dimensions of market orientation revealed that resource allocation was significantly influenced by only the ‘interfunctional coordination’ dimension of market orientation, whereas ‘resource attraction’ was significantly affected by both ‘interfunctional coordination’ and ‘customer orientation’.

Although White and Simas (2008) have contributed to the role of market orientation in church participation, the constructs of ‘market orientation’, ‘resource allocation’, and ‘resource attraction’ in their studies were examined from the perspective of the church leaders. The present study aims to examine the construct of ‘market orientation’ from the perspective of the church members and how this affects their ‘perceived benefits’ and extent of participation in
church-related activities. The present author contends that a positive evaluation of an organization’s market orientation could affect church participation. Customers/members who perceive an organization to be performing well in its respective dimensions of market orientation are likely to actively participate in the programs offered by the organization, as they believe that the programs are designed to deliver superior values to the members. The following hypothesis is therefore proposed:

\[ H1: \text{Market orientation is positively associated with church participation.} \]

**Perceived benefits and church participation**

The ‘perceived benefits’ construct in the present study reflects the benefits that people anticipate from participating in church-related activities. Siegel and Scrimshaw (2002) found that people engage in religious activities such as prayer and meditation to gain *spiritual support* through a personal relationship with God (spiritual benefits) as well as *social support* gained through their interactions with other members/attendees (social benefits). Further to Siegel and Scrimshaw’s (2002) findings, the inclusion of ‘spiritual benefits’ and ‘social benefits’ as the antecedents of church participation in the present study is also consistent with the ‘intrinsic and extrinsic religiosity’ concept of Allport and Ross (1967). On the basis of intrinsic-extrinsic religious orientation, Attaway *et al* (1995) argued that intrinsically-oriented individuals’ participation in religious activities are driven by ‘spiritual motives’, whereas extrinsically-oriented individuals are driven by ‘social motives’. In essence, the scholars argued that people participate in religious activities to satisfy their spiritual and social needs (Attaway, et al. 1995).

In congruence with previous studies in this area, the following hypotheses are proposed:
H2a: Perceived spiritual benefits are positively associated with church participation.

H2b: Perceived social benefits are positively associated with church participation.

Market orientation and perceived benefits

The fundamental objective of market orientation is to create superior value for the customers (Narver & Slater 1990). In this regard, the paradigm of ‘service-dominant logic’ (Vargo & Lusch 2004) postulates that the customer is always a co-creator of value—that is, marketers can only offer value propositions, but the real value of products/services is determined by consumers on the basis of ‘value in use’.

Despite the abundance of literature on the topic of ‘perceived benefits’, there has been little empirical examination of the relationship between ‘perceived market orientation’ and ‘perceived benefits’. Dean (2007) found that positive evaluation of the organization’s customer orientation leads to positive perceived service quality. In Dean’s (2007, p.163) study, ‘perceived service quality’ was defined as ‘customers’ assessments of the overall superiority of the service with respect to the service interactions and outcomes.’ The present study argues for the positive association between ‘perceived market orientation’ and ‘perceived benefits’, which is defined as customers’ assessments of the overall benefits associated with participating in the services offered by the church. Highly market-oriented churches design their services based on existing and prospective members’ needs. Consequently, it is postulated that respondents who perceive the church as highly market-oriented are likely to associate particular benefits with the church’s offerings.
H3a Market orientation is positively associated with perceived spiritual benefits.

H3b Market orientation is positively associated with perceived social benefits.

Perceived benefits as a mediating variable

The conceptual model proposes ‘spiritual benefits’ and ‘social benefits’ as the mediating variable between PMO and ‘church participation’. According to Baron and Kenny (1986), a variable performs a mediating role if it accounts for the relationship between the antecedents and the results. Accordingly, we contend that although church members may have positive evaluation of a church’s performance in its respective dimensions of market orientation, their decision to participate in church-related activities are eventually driven by the amount of benefits they anticipate from participating in those activities. Highly market-oriented churches are therefore able to design services that are relevant to the needs and expectation of the members. Consequently, those who perceive the organization as highly market-oriented are likely to associate significant benefits related to church participation. In turns, these members are likely to be actively involved in the programs/activities offered by the church as they consider these activities as relevant in helping them to gain relevant benefits. On the basis of this rationale, the following hypotheses are proposed:

H4a: Perceived spiritual benefits mediate the relationship between PMO and Church participation.

H4b: Perceived social benefits mediate the relationship between PMO and Church participation.


**METHOD**

**Sample Selection and Data Collection**

The choice of respondents for this study was considered in relation to the knowledge required on the particular issues under examination. Since the study incorporates sections on people’s perception of the market orientation of the church, the respondents must have substantial exposure to church services based on their church-going experiences. Consequently, we employed a convenience sampling technique to recruit respondents. The researchers approached a district leader of Assemblies of God (AOG) in Melbourne, Australia, to send an invitation to participate in the study to AOG-affiliated church leaders throughout the Melbourne metropolitan and suburban areas. Thirteen church leaders, of the 40 invited, responded positively to the invitation and agreed to allow the researcher to approach their congregation for data collection. 1085 questionnaires were distributed in thirteen churches that participated in the study. The demographic characteristics of the respondents are described in Table 1.

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Insert Table 1 here

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**Measures**

*Perceived market orientation.* Following a review of relevant literature, this study adapted Narver and Slater’s (1990) MKTOR scale to measure respondents’ perception of the church’s performance in the respective dimensions of market orientation. There are at least two underlying reasons which necessitated a major modification of the MKTOR scale in the present study. First, with churches as the research context, the scales need to reflect the environment...
under consideration. Secondly, since this research focuses on the examination of market orientation from the members’ perspective, the wording needs to be modified to reflect members’ perceptions. The modification procedure in this study followed closely the recommendations of previous scholars on the application of a market orientation scale in nonprofit settings (Gainer & Padanyi 2005; Padanyi & Gainer 2004; Van R. Wood, Bhuian, & Kiecker 2000). In the modification procedure of the MKTOR scales, two experts were consulted to ensure that the changes were reasonable and that the scale could accurately reflect what it intended to measure. In the pilot study, a number of church attendees were also consulted to explore whether the items were logical from their point of view. These steps are consistent with White and Simas (2008) approach in the development of their church’s market orientation measure.

**Perceived Benefits.** Whereas numerous work has been done in the conceptualization of perceived benefits construct in marketing literature (Forsythe, Chuanlan, Shannon, & Gardner 2006; Kinard & Capella 2006; Shoham 2000), the use of churches as a research context in the present study necessitates the adoption of scales relevant to church-related benefits. This research utilized Emmons et al. (1998) instruments of personal goals, which have been extensively used in literature pertaining to the psychology of religion (Hill & Hood 1999; Zinnbauer, Pargament, & Scott 1999), to measure ‘spiritual’ and ‘social’ benefits. The scales were designed to examine the extent to which respondents believe that church participation can help them to achieve certain spiritual and social outcomes in life.
Church participation. As an important dependent variable in this research, the notion of ‘participation’ must be well-defined in order to be able to capture the essence which the present study aims to measure. For the purpose of this research, ‘church participation’ is defined as the extent to which respondents participate in programs offered by the church including worship services, fundraising events, special events with guest speakers, and social activities. We develop the scales in this section based on a summary of the ‘most common’ type of activities shared by the thirteen churches participating in this study. The newly developed scales were pre-tested in pilot studies involving church members from a particular AOG church as the respondents. Modifications to the items were made based on the comments of the participants in the pilot studies. In the analyses, one factor was extracted from the church participation construct. Two items were eliminated because their factor loadings were less than 0.5. The Cronbach’s Alpha of the final construct was larger than 0.7 indicating good reliability.

THE MEASUREMENT MODEL

The measurement model was tested using the incremental modification approach of Segars and Grover (1993) and Cheng (2001). The model was revised by deleting some indicators with low factor loadings, squared multiple correlations, and those that attempted to load on more than one dimension as reflected by high modification indexes (Cheng 2001). The deletion of the variables was also done one by one as the elimination of one variable in the model may concurrently affect other parts of the model (Kline 2005). Both the measurement and structural models were analyzed through the application of AMOS 17.
Table 2 shows means, standard deviations, and intercorrelations of all of the measurement variables. As depicted in the table, the AVE for each construct is greater than all related correlation, thus indicating discriminant validity (Fornell & Larcker 1981). The final measurement model demonstrated good fit with the data as reflected in the fit indices including $\chi^2$ (59) = 121.536 (p = .000), NC (2.060), RMSEA (.056), TLI (.960), CFI (.970), and NFI (.943).

**Sample bias**

The validity of research findings can be compromised if there is a sample bias in terms of key variables. Therefore, patterns of mean, median, skewness, and kurtosis were analyzed to assess any violations against assumptions. The results found no threat to validity as most of the skewness and kurtosis values shown are generally close to zero.

**Scale validity and reliability**

Discriminant validity was established through an examination of the square root of the average variance extracted (AVE) and correlation between constructs. The reliability of the constructs was measured using ‘composite reliability’ (C.R) (Fornell & Larcker 1981). As shown in Table 3, the C.R value of all constructs is above 0.8, indicating good construct reliability.

*Insert table 2 here*
ANALYSIS OF THE STRUCTURAL MODEL

A full structural model was employed to examine the relevant hypotheses under examination. In this structural model, perceived spiritual benefits (PBSPI) and perceived social benefits (PBSOC) were incorporated as the mediating variables. An observation of the GOF indices suggests that the structural model is statistically significant and possesses construct validity. Although the Chi-Square was found to be statistically significant ($\chi^2= 151.707$, df=60, p=.00), the Normed Chi-Square (2.528) is within the recommended range. Other indicators including RMSEA (0.067), GFI (.936), AGFI (.903), TLI (.942), NFI (.929), and CFI (.956) are all above the recommended fit level. The bootstrapping method was used to estimate the standard error. The effects were calculated at a confidence level of 95% and the bootstrap was set to equal to 500.

Test of the mediating effects

Our conceptual model specifies that perceived benefits mediate the effects of perceived market orientation on church participation. In order to examine the two mediation hypotheses, we followed Baron and Kenny’s (1986) criteria to establish whether the conditions for mediation exist. First, we ran a structural model to determine that there is a relationship between the antecedents (PMO) and the outcome variable (church participation). As can be seen in Table 4 under: ‘Mediation test stage I: independent to dependent variable’, PMO was found to have a
statistically significant relationship with church participation ($\beta = .34, p < .01$). Thus, support was found for the first hypothesis and the first condition of mediation is fulfilled.

Next, we ran a structural model to establish that there is a relationship between the independent variable (PMO) and the mediator variable (Perceived Benefits). PMO was found to have a significant relationship with both perceived spiritual benefits ($\beta = .42, p < .01$) and perceived social benefits ($\beta = .48, p < .01$). Thus, Baron and Kenny’s (1986) second condition of mediation is met and support was found for H3a and H3b respectively.

The third condition of mediation specifies that the mediator must have significant relationship with the dependent variable. We ran another structural model to examine the relationship between perceived benefits and church participation. The results suggest that there is a significant relationship between perceived spiritual benefits – participation ($\beta = .29, p < .01$) as well as perceived social benefits – participation ($\beta = .35, p < .01$). As depicted in Figure 2, the results found in the PB – participation structural model are comparable with the results found in the full structural model.

**Indirect Effects**

Based on the approach suggested by Baron and Kenny (1986), the mediation effect was assessed through an examination of the size and significance of the indirect effects. The indirect effects on the structural model were measured as the product of the structure
coefficients involved (Kline 2005). As shown in Table 4, PMO was found to have significant indirect effects on Church participation ($\beta = .23, p < .01$) through perceived benefits as the mediating variables, thereby lending support to H4.

*Total Effects*

An examination of the total effects suggests that PMO has a significant relationship with ‘church participation’ ($\beta = .41, p < .01$) through the mediating effect of ‘perceived spiritual benefits’ and ‘perceived social benefits’.

In order to determine the extent of mediation (full or partial), we examined the relationship between PMO and church participation before the mediators (PB SPI and PB SOC) are included in the analysis. For full mediation to occur, the direct paths from the independent variable to dependent variable should be non-significant when the mediating variables are included in the model (Baron & Kenny 1986). An observation between PMO – participation structural model and the full structural model reveals that the direct effects between PMO and church participation ($\beta = .34, p < .01$) became non-significant ($\beta = .18, p > .05$) after the mediating variables are included in the model, thus lending support to *full mediation effects*.

We further assess the strength of the mediating effects of perceived spiritual benefits and perceived social benefits by running two separate models. An observation of the separate structural models reveals that the indirect effects of PMO on participation are stronger with
perceived social benefits ($\beta = .147, p < .01$) as the mediator than perceived spiritual benefits ($\beta = .111, p < .05$). The results lend further support to H4a and H4b respectively, and suggests that perceived social benefits may be perceived by the respondents as being more important than spiritual benefits in affecting their church participation.

**DISCUSSION**

This study contributes to a better understanding of the role of market orientation in affecting church participation by analyzing the relationship between ‘perceived market orientation’, ‘perceived benefits’, and ‘church participation’.

Although the topic of market orientation has been extensively examined in the non-profit literature, only one study has examined the construct from the perspective of the customers. This study attempts to fill this gap by assessing the market orientation construct from the perspective of the customers/members and examine its impact on customers/members’ perceived benefits and extent of participation in the programs/activities offered by the organization.

The results provide several interesting observations. First, members’ perception of the church’s market orientation was found to have significant direct and indirect effects on the level of participation in programs offered by the church. Second, perceived benefits were found to produce full mediating effects on the relationship between market orientation and church participation. The results imply that although members’ perception of an organization’s market orientation alone positively affects the extent of their participation in organizational programs
and activities, it is their perception of the benefits associated with the organization’s offerings that accounts for the extent of their participation.

The positive association between ‘perceived market orientation’, ‘perceived benefits’, and ‘church participation’ found in the present study further highlights the importance of customer perception of the market orientation level of an organization. In terms of managerial implications, the results of this study suggest that managers of non-profit organizations should ensure that their organizations are perceived by members as performing well in the respective dimensions of market orientation, as positive evaluation of an organization’s market orientation is likely to lead to: (i) positive perception of the benefits associated with an organization’s offering, and (ii) active participation in the programs/activities offered by the organization. The customer orientation dimension implies the need for an organization to undertake regular assessment of members’ expectation. Competitor orientation involves analyzing the general competitive environments as well as responding to it. Within the church context, ‘competitors’ can refer to activities offered by other organizations in the weekends, including sports and entertainment. Non-profit managers and church leaders alike should be capable in identifying key competitors, assessing their strengths and weaknesses, and developing programs that address the needs of the members better than the competitors. Finally, interfunctional coordination requires effective communication between various departments in the organization with the ultimate goal to deliver superior value to its existing and prospective members.

The fact that perceived benefits perform significant mediation effects on the relationship between market orientation and church participation is also of significant importance for non-
profit managers and church leaders alike. The results of the analysis found that the more people perceive the church as delivering relevant benefits, the higher their extent of participation in the programs/activities offered by the organization. Consequently, non-profit managers and church leaders alike should ensure that the various programs implemented by the organization are perceived by its members/customers as delivering relevant benefits. This requires a continuous monitoring of members’ satisfaction through surveys in which members can inform the organization of the existing benefits they receive from participating, as well as the additional benefits they would like to get from the organization. The feedback gained from the surveys can help the organization to improve its current programs/activities or adding new ones to improve the participation of its existing members and attract new members. Further, since ‘perceived social benefits’ was found as the most significant predictor of church participation, church leaders should therefore focus on social activities such as BBQ and sports to attract prospective church members. Church leaders should also emphasize on social attributes (such as ‘sense of belonging’) in communicating the church’s image both through the sermon and promotional materials of the church. Slogans such as ‘community church’ or ‘family church’ could also be utilized to further emphasize the social appeal of the church.

LIMITATIONS AND FUTURE RESEARCH

In terms of theoretical contributions, the present study extends understanding of perceived market orientation, and specifically its role in the non-profit sector. The literature on perceived market orientation (PMO) is still in its infancy despite its significance to perceived service quality (Dean 2007; Gounaris, et al. 2003; D. Webb, et al. 2000) and satisfaction (Baker, et al.
Review of the literature indicates that the application of PMO in the non-profit sector is almost non-existent. This study contributes to the theory by providing empirical support for the relationship between ‘perceived market orientation’, ‘perceived benefits’, and ‘church participation’. Consequently, future research should investigate the effects of PMO on other aspects of consumer behavior that are relevant to the non-profit sector such as volunteering and giving donations. There are also opportunities to further explore the significance of PMO in other non-profit contexts such as sports clubs and museums where participation is critical for the survival of the organizations.

Two main limitations of the study are identified. First, the use of convenience sampling to recruit the respondents possesses some weaknesses. With church attendees as the unit of analysis, the respondents may feel ‘obliged’ to evaluate their church positively. Although the respondents were informed that the survey is anonymous in nature, they were notified that a summary of the study findings would be reported to the church leaders for evaluation purposes. Hence, respondents’ evaluation of the church’s market orientation may be biased towards giving socially desirable responses. There is also unequal distribution in terms of gender, as the majority of respondents are female. This is consistent with NCLS (2001) findings which suggested that male only represent 39% of church attendees in Australia.

The second limitation relates to the research context. Although the church represents a suitable context within which to examine the effects of perceived market orientation on customers/members’ participation, there are other factors which may affect people’s decision to engage in church-related activities which are not taken into consideration in this study, such as
religious and cultural background. Respondents who were brought up in strongly religious families or cultures might be less affected by market orientation and perceived benefits as their participation might be the result of habitual behavior rather than rational decision. People with work commitments on the weekend may find it difficult to actively participate in church-related activities despite their positive evaluation of the church’s market orientation. On the other hand, those who disagree with the doctrinal position of the church (intellectual dissent) may be less affected by the predictor constructs used in the present study as their lack of participation is due to doctrinal issues rather than the church’s performance in the respective dimensions of market orientation. Consequently, a replication of this study in other organizational contexts provides an opportunity for future research.

CONCLUSION

With the declining rate of church attendance in Australia over the past 10 years (NCLS, 2001), this study has provided significant theoretical and managerial implications for non-profit researchers and church leaders alike in terms of enhancing the participation of customers/members in non-profit environment. Consistent with the results of this study, church leaders should strive to understand the needs of existing members, and ensure that the various ministries in the church are perceived by its members as delivering significant benefits. Positive evaluation of the church’s market orientation as well as spiritual and social benefits associated with the church’s programs is likely to lead to active participation in church activities. It is expected that this study would be a catalyst to draw further attention on research in this important topic.
REFERENCES


Please indicate to what extent you believe the church performs the following practices
(1 - The church does not engage in the practice at all; 7- the church engages in the practice to a great extent)

<table>
<thead>
<tr>
<th>MO-1</th>
<th>The church constantly monitors the needs of the congregation</th>
<th>Not at All</th>
<th>To a great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>MO-3</td>
<td>The range of services offered by the churches are designed based on the understanding of the members’ needs</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>MO-4</td>
<td>The ministers/pastors constantly seek to understand the expectations of the members</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>MO-6</td>
<td>When other churches undertake practices or activities that could attract the church members, the church quickly reacts to better them</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>MO-7</td>
<td>Ministers/pastors are always on the lookout for what other denominations are doing</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>MO-8</td>
<td>The church spends a lot of effort on those communities where they can deliver a better message than other churches</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>MO-11</td>
<td>All members are encouraged to fully participate in the church pastoral and ecumenical activities, including ministry involvement</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>MO-12</td>
<td>The church ministers understand how the different range of ministry departments (e.g. music, counseling, children ministry) can contribute to deliver great value to the community</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>MO-13</td>
<td>The different ministry departments in the church shares their resources (e.g. financial, people) with each other</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>
The following is a list of church services and activities offered by a number of churches to the community. Please indicate your extent of participation in the following services and activities over the past twelve months.

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunday service</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>AP2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising event</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>AP4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service with well-known guest speaker/evangelist</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>AP6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social activities (e.g. BBQ &amp; Sports)</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

The following is a list of benefits generally associated with church participation. Please indicate to what extent you believe church participation is relevant in helping you to fulfill the following outcomes in life: (1 – Not relevant at all; 7- Relevant to a great extent)

<table>
<thead>
<tr>
<th></th>
<th>Not at All</th>
<th>To a great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Develop spiritual meaning of life</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Bring my life in line with my beliefs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G3</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Deepen my spirituality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G7</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Meet new people through my present friends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G9</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Develop good social relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G13</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>Build network of friends</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>