

# Marketing Culture and Perceived Customer Satisfaction in Non-Profit Service Organizations

**Duygu Seçkin Halaç\***  
Yaşar University

**Roberto Biloslavo\*\***  
University of Primorska

**Çağrı Bulut\*\*\***  
Yaşar University

## Abstract

The aim of this study was to investigate the employees' and managements' perceptions of the multidimensional structure of marketing culture and its effects on perceived long-term customer satisfaction. The public schools were selected for the study as non-profit service organizations; from them 474 teachers and school principals from 17 schools participated in the field study. Service quality, interpersonal relationships, organization, and innovativeness -- the dimensions of marketing culture -- have significant effects on long-term customer satisfaction. Contributions of the paper may be listed as (1) expanding the marketing culture scale of Webster (1993) by adding several new items to dimensions based on current literature and/or adapting items to the Turkish culture, (2) adapting a services marketing culture scale to non-profit organizations, more specifically to the school context, and (3) developing a single dimensional perceived customer satisfaction scale specifically for school-settings which measure to what extent school personnel consider they satisfy their customers.

*Keywords: marketing culture, customer satisfaction, non-profit service organizations, public schools.*

## Kar Amacı Güdmeyen Hizmet Kurumlarında Pazarlama Kültürü ve Algılanan Müşteri Tatmini

### Özet

Bu çalışmanın amacı, çalışanların ve yöneticilerin pazarlama kültürünün uzun dönem müşteri tatmini üzerindeki algıya dayalı etkisini ortaya koyabilmektir. Bu amaçla, kar amacı güdmeyen devlet okulları çalışmada konu edilmiştir. 17 okuldan 474 öğretmen ve okul yöneticisi çalışmaya katılmıştır. Pazarlama kültürü boyutlarından hizmet kalitesi, bireyler arası ilişkiler, organizasyon ve yenilikçiliğin uzun dönem müşteri tatmini üzerinde etkileri olduğuna dair bulgulara ulaşılmıştır. Çalışma çeşitli açılardan mevcut literature katkı yapmaktadır: (1) Webster (1993) pazarlama kültürü ölçeği eklenen yeni

---

\* This article is derived from the unpublished MBA thesis of Duygu Seçkin Halaç.

\*\* Dr. Duygu Seçkin Halaç is a research assistant in the Department of Management at Yaşar University, Üniversite Caddesi, No. 35-37, 35100-Bornova, İzmir, Turkey. E-mail: duygu.seckin@yasar.edu.tr

\*\*\* Roberto Biloslavo is a Professor in the Faculty of Management at University of Primorska, Cankarjeva 5, 6000, Koper, Slovenia. E-mail: roberto.biloslavo@guest.arnes.si

\*\*\*\* Çağrı Bulut is an Associate Professor in the Department of Management at Yaşar University, Üniversite Caddesi, No. 35-37, 35100-Bornova, İzmir, Turkey. E-mail: cagribulut@yasar.edu.tr

sorularla genişletilmiş ve Türk kültürüne uyarlanmıştır, (2) mevcut literatürde kar amacı güden hizmet sektöründe faaliyet gösteren firmalar için kullanılmış olan pazarlama kültürü ölçeği, ilk kez kar amacı güdmeyen örgütler için uyarlanmıştır, (3) “okullar” için adapte edilmiş müşteri tatmini ölçeği tek boyutlu yapıda sağlanmıştır. Ancak bu çalışmada, müşteri tatmininin ölçümüne farklı bir açıdan bakılmıştır. Çalışanların vermiş oldukları hizmetleri gözönünde tutarak müşterilerini ne derece tatmin ettiklerini düşündükleri ölçülerek müşteri tatmini ölçülmüştür.

*Anahtar kelimeler: pazarlama kültürü, müşteri tatmini, kar amacı güdmeyen örgütler, devlet okulları.*

**T**he importance of the internal strengths of organizations in competitive advantage creation has been highlighted by B.J. Barney in his article, “Is the Resource-Based ‘View’ a Useful Perspective for Strategic Management Research? Yes” (1991). Key resources which can create value by meeting the needs of customers hold four indicators: being valuable, rare, hard to imitate, and hard to substitute (Barney, 2001). The desire to create a superior value for customers and to attain a sustainable competitive advantage drives a business to create and maintain a culture that will produce the necessary hard-to-imitate assets (Day, 1994; Hunt and Morgan, 1995; Kasper, 2002; Mavondo and Farrell, 2003; Narver and Slater, 1990). In a competitive environment with fast changing consumer preferences, monitoring and processing market information and responding to it better than the competitors are essential behaviors for companies. In order to perform better, a company should not only meet the expressed needs of current customers but also explore and fulfill the latent needs of current and possible target customers (Slater and Narver, 1998).

The organizations that respond to market requirements better than the others are more likely to achieve a long-term competitive advantage and superior profitability (Day, 1994). To build and maintain a long-term and mutually beneficial relationship with the customers is essential if the ultimate aim is to maximize long-term performance (Narver and Slater, 1990).

No organization, neither a manufacturing/service organization, nor a profit/non-profit organization can avoid marketing (Kotler and Levy, 1969). Providing a sustainable quality and performance is more difficult in services marketing because of four distinctive difficulties. The first obstacle is the intangibility of service industry; the second is that the service cannot be standardized. Third, separating production from consumption in the service industry is not possible, and fourth, a high volume of tangible inventory – as in manufacturing industry – is not expected in the service industry. In order to overcome these barriers in services marketing, a strong marketing culture is a necessity (Webster, 1993).

The focus of this study was the marketing culture of school settings regarding the difficulties in services marketing and the fact that it was being ignored in non-profit service organizations in earlier studies. In this regard, services marketing dimensions were associated with performance criteria.

The only way to figure out the overall success of a nonprofit organization is to focus on customer satisfaction (Shapiro, 1973). In this regard, the aim of this study was to understand the teachers' and school principals' marketing culture perceptions and to comprehend how effective the marketing culture dimensions were in the perceived long-term satisfaction of the customers. However, in measuring satisfaction, the perceptions of teachers and school principals were the focus. In other words, teachers and school principals were asked to what extent they considered that their service satisfied their students and their parents.

### **Long-Term Customer Satisfaction**

Webster Jr. (1994) sees customers as long-term strategic assets. The marketing concept explains the purpose of an organization in discovering the needs and wants of its target markets and in satisfying those needs more effectively and efficiently than its competitors (Levitt, 1960). The systematic application of this concept, namely market orientation, eventually provides a superior value creating capability which is the foundation of a sustained competitive advantage (Kohli and Jaworski, 1990; Slater and Narver, 1994). Thus, a market oriented culture enables the market to reach satisfied customers by providing 1) value to current customers, 2) encouraging them to spread the good word (Gummesson, 1998), and 3) attracting new ones (Homburg and Pflesser, 2000).

Evaluating customer satisfaction in service firms is difficult because they (1) are employee-based, (2) produce the services in front of/together with the customer, and (3) do not provide a tangible output. Moreover, as the customers perceived satisfaction during this interaction from their own point of view, satisfaction became the synonym of the business performance of the firm.

Firm performance is a success indicator that shows to what extent a firm reaches its targeted outputs at the end of a specified period (Porter, 1991). Although financial terms are the preferred criteria in most studies, nonprofit organizations like educational institutions have wider objectives than pure business performance indicators; they are there to satisfy all the key customers in the long run (Harrison and Shaw, 2004). Inelmen (2009) also highlighted the importance of customer satisfaction in the services sector. Furthermore, measuring nonquantitative elements like satisfaction helps in the success of the nonprofit sector and often provides extra information (Gainer and Padanyi, 2003). Thus, the perceptions of long-term customer satisfaction were chosen as the only performance criteria. However, the aim was to measure the service providers' self-perceptions regarding the extent to which they satisfy their customers by their services provided instead of getting the answers from their counterparts. Therefore, in this study, teachers and school principals were asked about their perceptions concerning student and parent satisfaction.

## Marketing Culture

Creating value for buyers is much more than a marketing function (Narver and Slater, 1990). Instead of letting marketing dominate the departments, setting up a culture that integrates all the functions in order to create customer value which leads to a market orientation is a better way of achieving expected performance (Harrison and Shaw, 2004).

Market orientation, as a behavioral aspect, is the “*organization wide generation of market intelligence pertaining to current/future customer needs, dissemination of the intelligence across departments and organization-wide responsiveness to it*” (Kohli and Jaworski, 1990). Narver and Slater (1990) see market orientation as a business culture that consists of three behavioral components which mostly overlap with the elements of Kohli and Jaworski (1990): customer orientation, competitor orientation, and inter-functional coordination. While maintaining the sustained competitive advantage is the ultimate aim, market-orientation is something that is both embedded in an organization’s culture and exploits the core competencies of that organization (Wooldridge and Minsky, 2002). Marketing culture implies what marketing means to the whole organization and how marketing activities are practiced (Singh, 2009). Although researchers mostly use marketing culture as a synonym of market-oriented culture, C.L. Harris and E. Ogbonna (1999) and Harris (1998) highlight a nuance between them: market-oriented culture is organization-wide and dominant while marketing culture does not necessarily need to be market-oriented. The four features – intangibility, perishability, inseparability and heterogeneity (Zeithaml et al., 1985) distinguish services marketing from goods marketing. These characteristics, especially heterogeneity (Webster, 1990) and inseparability, (Gummesson, 1991; Luk, 1997) make services marketing more fragile and more dependent on an organizational culture (McNeil et al., 2001). Webster (1990) explains the necessity of an appropriate organizational culture in order to overcome these problems. Webster (1995) claims that market orientation is an ideal type of culture depending on the objectives and strategies of the organization. Marketing culture is *the way marketing things are done in the firm* and a component of the overall organizational culture (Webster, 1993). In this definition, she refers to the unwritten applications/norms that emerged from shared beliefs and values which make people understand how marketing functions are executed throughout the firm. Moreover, Webster (1990, 1993, 1995) proposed that service quality, interpersonal relationships, the selling task, organization, internal communication, and innovativeness are the dimensions of marketing culture. In this study, using the content term “competitive human resources” was preferred to the term “selling task.”

### Service Quality

In a market-driven perspective, quality is “*fitness for use*” (Murgatroyd, 1991) through continuously satisfying customer needs (Berry, 1997).

The customers define the quality; therefore, to achieve high quality in the eyes of the customers requires a continuous monitoring of the demands of the target market (Slater and Narver, 1994). As being the co-producers, the customers’ contribution to

the delivery of service has a significant impact on quality (Gummesson, 1998). The service provider employee plays a critical role in shaping the customers' evaluation of both the overall satisfaction of the service experience and the satisfaction and image of the firm. Thus, the communication skills/style of the employee affect the evaluation of the customers' perception of quality (Webster and Sundaram, 2009). In a school context, the most prominent quality element could be considered to be education. A good quality education program in primary and high school is generally considered the key to performance on the university entrance exam. Students' and parents' satisfaction come from a quality education program that is promised and provided because being accepted into an under-graduate program is the ultimate aim for many students and parents. Thus, the first hypothesis is:

**H1:** *Service quality has a positive effect on long-term customer satisfaction.*

### **Interpersonal Relationships**

Service firms are always based on relationships (Grönroos, 1995). It is impossible to separate a service firm from a service provider, thus we cannot get rid of teachers just because we have computers (Gummesson, 1998). The inseparability of service marketing makes the contact employee critical in providing service (Caruana and Calleya, 1998). The service employee who is satisfied enough to deliver value to the customers affects the customer's judgments on satisfaction (Heskett et al., 2008). Paying attention to both internal and external customers enables a firm to construct long-term and mutually beneficial relationships with customers (Appiah-Adu and Singh, 1999; Caruana and Calleya, 1998).

A market-oriented culture becomes the way to work together toward satisfying customers (Jaworski and Kohli, 1993). Zeithmal et al. (1988) explain the importance of teamwork by "*not competing but cooperating with each other.*" In a school context, on the one hand, the principals' support and acknowledgement of teachers may motivate them to further their efforts in satisfying their customers. On the other hand, instead of focusing on their own class, working with other teachers as a team to improve the quality of education may provide more satisfied students and parents. Therefore, the second hypothesis is:

**H2:** *Interpersonal relationships have a positive effect on long-term customer satisfaction.*

### **Competitive Human Resources**

One of the jobs of a leader is to teach employees how to do things (Slater and Narver, 1995). Performance is not only related to encouraging customers to buy but also encouraging employees to sell (George and Berry, 1981). Therefore, forcing employees to learn and develop new skills and perspectives to perform better is a necessity.

"*Winners like to be associated with winners*" (Heskett et al., 2008) emphasizes the importance of choosing the right people as a crucial element of internal service quality, which leads us to customer satisfaction at the end. Acceptance of firm values is related to a strong culture and socialization process (Wooldridge and Minsky, 2002). Failures

in the socialization process are not only important in the cost of recruiting, hiring and training replacements but in the loss of productivity and decreased customer satisfaction (Heskett et.al., 2008). Having well-educated and experienced teachers may differentiate schools from others. In addition to educational backgrounds, repeatedly attending training programs in order to update their teaching skills will surely increase the awareness of the teachers. Moreover, expanding the training programs and updating teachers' pedagogical knowledge about new generations and their mindsets is most likely to provide a higher degree of satisfaction. Thus, the third hypothesis is:

**H3:** *Competitive human resources have a positive effect on long-term customer satisfaction.*

### **Organization**

The term organization as one of the marketing culture dimensions in this study was related to the productivity of employees and the efficient and effective use of firm resources. Everyone within an institution regardless of the echelons to which they belong needs to act in a professional way (Webster, 1995). In such a way, both the employees and the customers would feel the culture of the firm by observing/experiencing the emphasized acts such as punctuality or professional attire and conduct. As the co-producers of the service, the customers should directly or indirectly sense the culture of the organization, and a feeling of sympathy with the person who is related to the organization would probably lead to further transactions.

In a school context, all the physical settings including class designs, the existence and layout of laboratories, activity rooms, sport centers, the number of students per teacher, activities organized for the academic year, the interaction between teachers, students and parents, the attire of school employees, teachers, principals and students, rules, norms and shared beliefs throughout the school -- all need to be in line with the mission and the vision of the school. If a school defines itself as a disciplined and high quality school, then parents and students need to sense that as soon as they enter the school. Given that atmosphere, a school can easily persuade the potential parents that it will provide the desired satisfaction if they enrolled their child in it. Thus, the fourth hypothesis is:

**H4:** *Organization has a positive effect on long-term customer satisfaction.*

### **Internal Communication**

Internal communication can be defined as making employees aware of the expectations of management and the extent to which they are involved in setting the standard (McNeil et al., 2001). A leader needs to be sure that the vision of the organization is well internalized as a whole (Levitt, 1960). All employees who are in contact with customers must be aware of this vision and they should completely understand the mission, goals, strategies and systems of the organization (Gummesson, 1991). Without this, it would be difficult for the employees to represent their firm. The employees are central to the services. Even the most innovative marketing strategy will fail if the respected people are not equipped to execute their responsibilities. Thus, in order to provide superior

customer satisfaction, managers have to implement effective training and development programs which focus on customer awareness and service. In addition, this training should also pay attention to rewarding employees in return (Hooley et al., 2005).

The participation of the employees and making them aware of what to do in creating a common sense concerning the ideas of working together for the greater good are of the utmost importance. Therefore, the school in which the principal keeps the teachers informed about what is going on creates a proper environment for all teachers to work and to reach a common goal. In this regard the fifth hypothesis is:

**H5:** *Internal communication has a positive effect on long-term customer satisfaction.*

### **Innovativeness**

Innovativeness is *openness to new ideas* as an aspect of a firm's culture and thus the innovativeness of a culture is a measure of the organization's orientation towards innovation (Hurley and Hult, 1998). Innovativeness is the extent to which the organization and employees are receptive to change (McNeil et al., 2001). Innovativeness shows itself in three forms: (1) learning and tracking customer needs, (2) producing new products and services in order to meet these needs, (3) developing and implementing internal processes that enhance the customers' need of understanding and the development of the development (Narver et al., 2004).

Adopting a market-oriented culture requires continuous monitoring of the changing market needs and introducing innovative products and services to respond these evolving needs (Kohli and Jaworski, 1990). If the customers keep coming that means they are satisfied; innovation is essential to keep them satisfied all the time (Deshpande et al., 1993; Webster Jr., 1994). Innovation is the key to being in close and continuous touch with the target market and responding appropriately to it (Maydeu-Olivares and Lado, 2003). Moreover, innovative firms have the ability to find new ways to serve their customers and new bases to differentiate their offerings from their competitors (Hooley et al., 2005).

In the school setting, applying new teaching techniques to the curriculum, computer-supported blackboards, experiment-based class work and homework are most likely to be effective in the success and satisfaction of the needs of the customers. Moreover, following and adapting new pedagogical ways in approaching students in order to understand their needs and expectations as well as their interests may also enhance a healthy and trustworthy relationship between the teachers and students. Thus, the last hypothesis is:

**H6:** *Innovativeness has a positive effect on long-term customer satisfaction.*

## **Methodology**

This study examines the impact of marketing culture on employee perception of long-term customer satisfaction. In order to conduct a field study, a survey method was selected and a questionnaire was developed to collect data.



### **Instruments**

A multidimensional structure of marketing culture scales was derived mostly from Webster (1993). However, to modify the scale for non-profit service organizations, some questions were also added from several studies (Gainer and Padanyi, 2003; Hogg et al., 1998; Narver and Slater, 1990; Sin et al., 2003). A group of scholars from marketing, general management, education and research methodology came together and operationalized the satisfaction scale considering the school context by taking into account the expert opinions from the İzmir National Education Directorate. Although there are several satisfaction scales in the current literature, this scale is different from them. Firstly, the aim of this scale is to measure the service providers' self-perception in satisfying their customers by the services they provide. Secondly, this is the first time such a measure has been applied to a school setting as a non-profit organization. All items were measured on a five-point Likert type scale.

### **Sample Selection**

This study focused on schools as nonprofit service organizations and the respondents were teachers and school principals as the employees. Because of the rules and regulations, conducting a survey-based study on school settings required the official/governmental documents. A letter that included the objectives, importance and contributions of the project was signed and formally sent to the Office of the İzmir Governor to ask for permission. Then when the permission to collect data from schools was accepted, the Governor of İzmir charged the Department of Projects of the İzmir National Education Directorate with deciding which schools should be included in the field study. Having been decided by the authority of the Ministry of Education in İzmir, 17 schools were chosen, all of which were "the pilot schools" listed within the context of the Leonardo and Comenius Process. (They were all the pilot schools in İzmir listed within the context of Leonardo and Comenius Process.) Their main distinction was the increased quality and number of hours of foreign language courses they offered under the supervision of the Ministry of Education in İzmir. In addition, they also had revised their syllabus in accordance with the requirements of the EU school processes and had matched the course outcomes with the National Qualifications Framework for Education in Turkey.

### **Data Collection**

The field study was conducted during the 2010-2011 school year in the selected schools. Although the İzmir National Education Directorate sent the surveys accompanied by an official paper on it, the principals phoned us and the surveys were faxed and e-mailed as soft copy; we also sent hard copies. Respondents were requested to self-administer the surveys. There was a 100% return rate. It was assumed that teachers and school principals felt compelled to fill out the forms because they were sent by the National Education Directorate although voluntary participation was strongly emphasized on the survey forms.



### **Demographics**

While looking at the percentage of distributions, 70.3 % of all participating schools were primary schools, 13.1% were technical high schools, 9.3% vocational schools taught in English and 7.2% high schools taught in English; all were public schools. English was the main foreign language taught in 98.2% of the schools.

Of the participants, 154 out of 474 were male (34.6%) and 320 (65.4%) were female; 40 was the average age of all the participants. Of them, 64.8% had graduated from a faculty of education; 91% were teachers. They had an average of 17 years of job experience in general and an average of 7 years of experience in their current schools.

### **Analyses and Findings**

The analyses were based on data collected from 474 participants of the 17 pilot schools listed within the context of Leonardo and Comenius Process in İzmir, where SPSS 13.0 and EQS 6.1 statistical packages were used.

#### **Measure Purification**

The maximum likelihood estimation procedure was executed for the confirmatory factor analyses (CFA) in the EQS 6.1 statistical program.

The marketing culture scale was adopted from the existing literature (Webster, 1993), which had been employed in several significant researches so far (e.g. Luk, 1997; Appiah-Adu and Singh, 1999; Appiah-Adu et al., 2000; Karatepe et al., 2005). Therefore, for the measure purification process, a CFA was run directly to test the ability of a predefined factor model to fit an observed set data (DeCoster, 1998). Observed items with the latent structure were associated by fixing error terms to zero. As to CFA findings, observed variables were significantly loaded regarding six factors of marketing culture (see Appendix-A). A good fit was obtained [ $\chi^2_{(1087)} = 2.43$ ;  $p: .00$ ; CFI=.91; NFI=.86; NNFI=.89; IFI=.91; GFI=.76; RMSEA=.08].

As to the findings of CFA, the marketing culture's latent structure verified its multidimensional nature.

When it came to the satisfaction scale, satisfactory results provided a good fit [ $\chi^2_{(45)} = 224.48$ ;  $p: .00$ ; CFI=.91; NFI=.90; IFI=.91; GFI=.90; RMSEA=.11].

#### **Validity and Reliability**

CFA also provided the test of convergent validity if the latent variable significantly loaded to its respective items. Thus, both the marketing culture and satisfaction scales were significantly loaded and they supported the convergent validity (see Appendix -A).

In order to estimate the scale reliability, Cronbach alpha was used. In addition, to test the consistency of given answers of the participants from same schools, an intra-class correlation (ICC) procedure was applied. Employing SPSS, both values of each factor were calculated and the respective findings with a number of items composing the factors were represented in Table1.

Table I  
Reliability Test Results

| Variables                   | Number of items | Cronbach Alpha( $\alpha$ ) | ICC values |
|-----------------------------|-----------------|----------------------------|------------|
| Satisfaction                | 10              | .90                        | .48        |
| Quality                     | 9               | .90                        | .50        |
| Interpersonal Relationships | 11              | .94                        | .57        |
| Competitive Human Resources | 9               | .93                        | .60        |
| Organization                | 6               | .92                        | .63        |
| Internal Communication      | 12              | .96                        | .65        |
| Innovativeness              | 6               | .90                        | .60        |

All factors' alpha coefficients were 0.90 or higher, indicating all these factors' internal consistencies was desirable. An ICC value higher than 0.50 indicated satisfactory consistency among groups of participants. Except satisfaction (0.48), the ICC values of all other factors were above 0.50.

## Descriptive Statistics and Correlations

To explore one-to-one relations of the variables, a correlation analysis was conducted. The mean scale scores and standard deviations for all measures were calculated and presented in Table 2.

Table 2  
Descriptive Statistics and Correlation Coefficient Values

| Variables                      | Mean | S.D. | 2    | 3    | 4    | 5    | 6    | 7    |
|--------------------------------|------|------|------|------|------|------|------|------|
| 1-Quality                      | 3.6  | .71  | .761 | .745 | .657 | .760 | .629 | .771 |
| 2-Interpersonal Relationships  | 3.8  | .69  |      | .749 | .693 | .803 | .648 | .775 |
| 3- Competitive Human Resources | 3.6  | .77  |      |      | .703 | .863 | .719 | .716 |
| 4-Organization                 | 3.7  | .72  |      |      |      | .741 | .695 | .722 |
| 5-Internal Communication       | 3.7  | .77  |      |      |      |      | .726 | .734 |
| 6-Innovativeness               | 3.6  | .76  |      |      |      |      |      | .677 |
| 7-Satisfaction                 | 3.6  | .66  |      |      |      |      |      |      |

*All correlation values are significant at the .01 level (2-tailed)*

All variables were significantly correlated with each other. This indicated that each variable is different but related to each other and this fact supported discriminant validity.

## Hypotheses Testing

The multiple regression analyses were employed to test the hypotheses. As presented in Table 3, the regression model showed that the effects of marketing culture dimensions on long-term customer satisfaction was significant with an F-value equal to 134.901 and the respective p value of 0.000. The  $R^2$  value was calculated as 0.722 which meant that 72.2% of the change in the dependent variable "long-term customer satisfaction" was explained by the dimensions of marketing culture as a whole. However, considered

individually, competitive human resources and internal communication variables were not significant (p values were 0.934 and 0.695 respectively). Moreover, for collinearity statistics, the variables tolerance and VIF values were within the satisfactory ranges, except that internal communication with a tolerance value of 0.189 and a VIF value of 5.284 signaled a multicollinearity problem. Garson (2010) considered dropping the variable with the highest VIF if multicollinearity was indicated and the theory warranted. Therefore, internal communication variable was dropped.

Table 3  
Effects of Marketing Culture Dimensions on Long-Term Satisfaction

| Variables                   | Standard Beta | T                  | p    | Collinearity Statistics |       |
|-----------------------------|---------------|--------------------|------|-------------------------|-------|
|                             |               |                    |      | Tolerance               | VIF   |
| Quality                     | .304*         | 5.777              | .000 | .323                    | 3.097 |
| Interpersonal Relationships | .274*         | 4.804              | .000 | .273                    | 3.658 |
| Competitive Human Resources | .005          | .083               | .934 | .225                    | 4.447 |
| Organization                | .251*         | 5.161              | .000 | .377                    | 2.649 |
| Internal Communication      | -.027         | -.393              | .695 | .189                    | 5.284 |
| Innovativeness              | .154*         | 3.067              | .002 | .356                    | 2.812 |
| R <sup>2</sup> = .722       |               | F= 134.901 p= .000 |      |                         |       |

\* *p* < .01

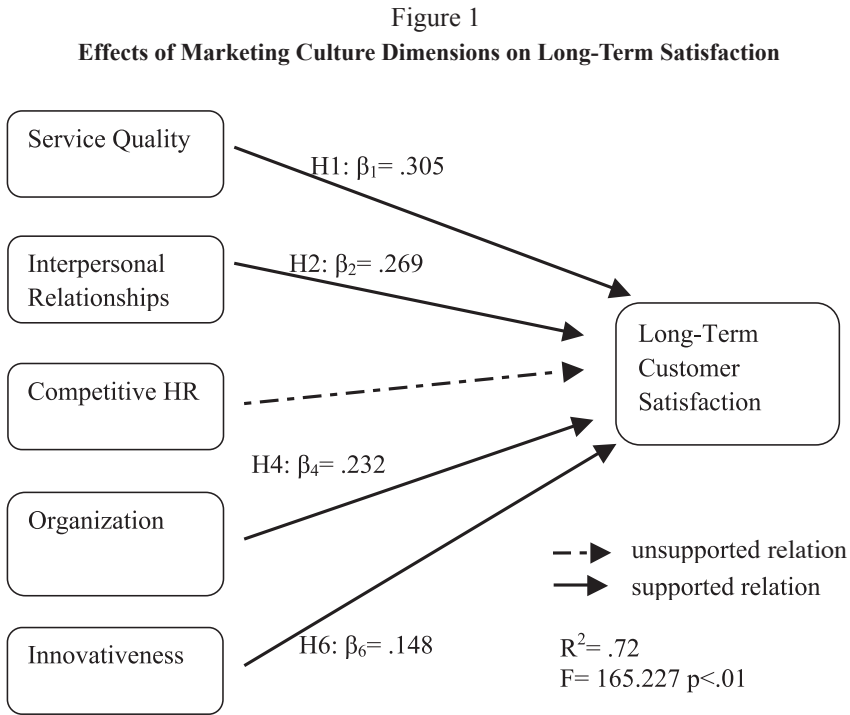
The revised values were presented in Table 4. The regression model showed that the effects of marketing culture dimensions on long-term customer satisfaction was significant with an F-value equal to 165.227 and the respective p value of 0.000. The R<sup>2</sup> value was calculated as 0.720 which meant that 2% of the change in dependent variable “long-term customer satisfaction” was explained by the dimensions of the marketing culture as a whole. Service quality ( $\beta$ : .305; *p* < .01), interpersonal relationships ( $\beta$ : .269; *p* < .01), organization ( $\beta$ : .232; *p* < .01) and innovativeness ( $\beta$ : .148; *p* < .01) were all significantly and positively related to long-term customer satisfaction, though the dimension “competitive human resources” was still not significantly related with a p-value of 0.919.

Table 4  
Revised-Effect of Marketing Culture Dimensions on Long-Term Satisfaction

| Variables                   | Standard Beta | T                  | p    | Collinearity Statistics |       |
|-----------------------------|---------------|--------------------|------|-------------------------|-------|
|                             |               |                    |      | Tolerance               | VIF   |
| Service Quality             | .305*         | 5.937              | .000 | .330                    | 3.034 |
| Interpersonal Relationships | .269*         | 4.995              | .000 | .302                    | 3.315 |
| Competitive Human Resources | .006          | .102               | .919 | .285                    | 3.504 |
| Organization                | .232*         | 4.900              | .000 | .389                    | 2.570 |
| Innovativeness              | .148*         | 3.034              | .003 | .365                    | 2.743 |
| R <sup>2</sup> = .720       |               | F= 165.227 p= .000 |      |                         |       |

\* *p* < .01

Results of multiple regression analysis were presented in Figure 1:



## Conclusion

The aim of this study was to understand the effect of employees' and managements' perceptions of marketing culture in non-profit organizations and their effect on perceived long-term customer satisfaction. The school context was chosen as a non-profit organization. Unlike some other non-profit organizations, the function of schools was not focused only on surviving but also on creating a desirable future. Therefore, teachers and school principals constituted the participant group and students and parents were the customers. In the study, the customer satisfaction was measured by asking the teachers and principals to what extent they believed they had satisfied the students and their parents.

The reasons for choosing school settings as non-profit service organizations were (1) the principles of our lives are structured in these organizations, and (2) in the unique nature of service organizations, students and to a certain extent their parents are co-producers of education. Students are directly involved in education process. They have a chance to shape the service by using the direct interaction in the class along with demanding something more or something different. In a class, if the students are disinterested in the subject, then the teacher needs to find a new way of teaching in order

to make the students fully understand the subject. Furthermore, teachers have master plans in the beginning of every semester which indicate the subjects in detail and the time these subjects will be taught throughout the semester. However, the attention, interest and background of the class may sidetrack the schedule and teachers may have to change their plans in order to increase the level of understanding of the class or to increase its academic success. On the other hand, to some extent parents also shape the way of process. The parents are the legal guardians of the students. Therefore, they all have the right to choose the school for their children, and to learn how their children are performing. Moreover, they also have the right to declare their level of satisfaction with the education their children receive; to some extent, parents can also present their requests to the school principals and teachers. Therefore, the parents may demand something directly from the teachers or principals in order to make the service better. In most cases, not a single parent's but a group of parents' complains or demands may change a teacher's behavior in a class, the way of teaching, the amount of student home work or the number/style of social activities planned by the class teacher. In addition, beyond one-on-one teacher-parent ad-hoc communications, regularly held parent-teacher meetings also provide a venue for teacher-parent collective interaction. In this way, parents can make known their children's unexpressed feelings about the teacher and/or the class, as well as their own impressions about their children's education. Teachers, on the other hand may find a platform to express themselves better, their methods of teaching, their aims and expectations for students and the success of the school. Thus, a market-oriented culture planted in the minds of prospective leaders/employees of the future is important. In this regard understanding how teachers perceive their schools' marketing culture and how much they think their students and the parents are satisfied can provide a meaningful insight.

The proposed hypotheses were partially supported. As to the results, two out of six dimensions did not affect the long-term customer satisfaction. The competitive human resources dimension was insignificant, and the internal communication dimension signaled the multicollinearity. Therefore, it was the service quality, interpersonal relationships, organization, and innovativeness that had significant and positive effects on long-term customer satisfaction.

Related to this study, the task of selling, renamed competitive human resources, was found insignificant in explaining satisfaction for profit service organizations (Appiah-Adu and Singh, 1999). In Turkey, in the public school application process, the enrollment in a school depends mostly on residency-based criteria. The teachers and school principals as public servants have permanent jobs. These two realities impact the insignificance of the competitive human resources.

This study has important contributions to the current literature in several ways. Firstly, the authors expanded the marketing culture scale of Webster (1993) by adding several new items to the dimensions that are based on current literature. Secondly, they developed a single dimensional customer satisfaction scale specifically for school-settings that will be beneficial to new researchers in their studies focusing on school context. Thirdly, for the first time the services marketing culture scale was adapted to

school settings and an empirical study was conducted on nonprofit service organizations.

This study also aimed to provide several tips for school managements. At first, school principals and even the higher institutions related to education such as the National Education Directorate need to be well aware of the marketing culture and its effects: with this they should bring the teachers onto the same page with them. Without everyone knowing what is expected of them, it is not possible to effectively reach the organizational aims. The contact between the employee and the customer is the distinctive feature of the services marketing, and the employees should be well informed about the customers' needs and expectations. Therefore, by providing the teachers' active participation in semiannual/annual meetings, teachers' opinions about the education system and the detected needs of both internal and external customers have to be taken into consideration as direct customer feedbacks. Clearly defined service quality standards and accordingly set performance criteria would direct teachers' attitudes and behaviors towards the expected long-term relations with the students and their parents. Moreover, the daily routines of knowing what to do and when, would eliminate the ambiguity and conflicts. In this respect, well-designed standards on annual/semester/daily plans would help guide teachers to reach quality standards. In addition to these, the school principals and teachers need to be educated or trained in a way to be eager and able to watch the new technologies and changes around the world. Likewise, teachers' attempts to adapt and modify these new technologies and changes in their lectures need to be supported. This may help to increase the level and the quality of education in every school.

There were some limitations in the study, though. Being a perception-based study and being reflected by individual points of view were only two of them. Although voluntary participation was emphasized in the survey form, the involvement of the school management during the survey study or the intervention of other public institutions could have affected their judgments. The participants may have felt compelled to fill out the forms. Therefore, considering the involvement of the Ministry of Education in İzmir during the sample selection and data collection processes, the generalization of the results should be interpreted cautiously. Another limitation was that the study covered the pilot schools located in İzmir-Turkey. Thus, in the future studies these comparisons could be considered: (1) since only the pilot schools listed within the context of Leonardo and Comenius Process in Turkey were involved, a cross-cultural study could compare marketing culture perceptions of candidate countries' schools and the European Union countries' schools; (2) regional or national comparisons could take place between the schools listed within the context of Leonardo and Comenius Process in Europe, (3) marketing culture perceptions of school employees from EU member and non-member countries could be compared; and (4) the study could be expanded by including both private and public schools in order to compare employee perceptions of both types of schools.

## References

Appiah-Adu, K. and Singh, S. (1999). "Marketing Culture and Performance in Service Firms," *Service Industries Journal*, 19(1): 152-170.

- Appiah-Adu, K., Fyall, A., and Singh, S. (2000). "Marketing Culture and Customer Retention in the Tourism Industry," *The Service Industries Journal*, 20(2): 95-113.
- Barney, B.J. (1991). "Firm Resources and Sustained Competitive Advantage," *Journal of Management*, 17: 175-190.
- , (2001). "Is the Resource-Based 'View' a Useful Perspective for Strategic Management Research? Yes," *The Academy of Management Review*, 26(1): 41-56.
- Berry, G. (1997). "Leadership and Development of Quality Culture in Schools," *International Journal of Education Management*, 11(2): 52-64.
- Caruana, A. and Calleya, P. (1998). "The Effect of Internal Marketing on Organizational Commitment among Retail Bank Managers," *International Journal of Bank Marketing* 16(3): 108-116.
- Day, S.G. (1994). "The Capabilities of Market-driven Organizations," *Journal of Marketing*, 58(4): 37-52.
- DeCoster, J. (1998). "Overview of Factor Analysis," available [online] at: <http://www.stat-help.com/notes.html> (accessed 11 December 2010).
- Deshpande, R., Farley, J.U., and Webster Jr., F.E. (1993). "Corporate Culture, Customer Orientation and Innovativeness in Japanese Firms: A Quadrant Analysis," *Journal of Marketing* 57(1): 23-37.
- Garson, G.D. (2010). "Multiple Regression," available [online] at: <http://faculty.chass.ncsu.edu/garson/PA765/regress.htm#multicollinearity> (accessed 16 December 2010).
- Gainer, B. and Padanyi, P. (2003). "The Relationship between Market-Oriented Activities and Market-Oriented Culture: Implications for the Development of Market Orientation in Non-profit Service Organizations," *Journal of Business Research*, 58: 854-862.
- George, R.W. and Berry, L.L. (1981). "Guidelines for the Advertising of Services," *Business Horizon*, 24(4): 52-56.
- Grönroos, C. (1995). "Relationship Marketing: The Strategy Continuum," *Journal of the Academy of Marketing Science*, 23(4): 252-254.
- Gummesson, E. (1991). "Marketing-Orientation Revisited: The Crucial Role of the Part-time Marketer," *European Journal of Marketing*, 2: 60-75.
- , (1998). "Productivity, Quality and Relationship Marketing in Service Operations," *International Journal of Contemporary Hospitality Management*, 10(1): 4-15.
- Harris, C.L. (1998). "Cultural Domination: The Key to Market-Oriented Culture?" *European Journal of Marketing*, 32(3/4): 354-373.
- Harris, C.L. and Ogbonna, E. (1999). "Developing a Market Oriented Culture: A Critical Evaluation," *Journal of Management Studies*, 36(2): 177-196.
- Harrison, P.J. and Shaw, R.N. (2004). "Intra-Organizational Marketing Culture and Market Orientation: A Case Study of the Implementation of the Marketing Concept in a Public Library," *Library Management*, 25(8/9): 391-398.
- Heskett, L.J., Jones, T.O., Loveman, G.W., Sasser Jr., E.W., and Schlesinger, L.A. (2008). "Putting the Service Profit Chain to Work," *Harvard Business Review Best of HBR* (July-August): 118-129.
- Hogg, G., Carter, S., and Dunne, A. (1998). "Investing in People: Internal Marketing and Corporate Culture," *Journal of Marketing Management*, 14: 879-895.
- Homburg, C. and Pflesser, C. (2000). "A Multiple-Layer Model of Market-Oriented Organizational Culture: Measurement Issues and Performance Outcomes," *Journal of Marketing Research*, 37: 449-462.



- Hooley, G., Greenley, E.G., Cadogan, W.J., and Fahy, J. (2005). "The Performance Impact of Marketing Resources," *Journal of Business Research*, 58: 18-27.
- Hunt, D.S. and Morgan, R.M. (1995). "The Comparative Advantage Theory of Competition," *Journal of Marketing*, 59(April): 1-15.
- Hurley, F.R. and Hult, G.T.M. (1998). "Innovation, Market Orientation, and Organizational Learning: An Integration and Empirical Examination," *Journal of Marketing*, 62: 42-54.
- İnelmen, K. (2009). "Role of Trust in Mediating the Effects of Satisfaction and Commitment on Employee Performance," *Boğaziçi Journal*, 23(1-2): 55-73.
- Jaworski, J.B. and Kohli, A.K. (1993). "Market Orientation: Antecedents and Consequences," *Journal of Marketing*, 57(3): 53-70.
- Karatepe, M. O., Avcı, T., and Tekinkuş, M. (2005). "Measuring Marketing Culture," *Journal of Travel and Tourism Marketing*, 18(1): 33-47.
- Kasper, H. (2002). "Culture and Leadership in Market-Oriented Service Organizations," *European Journal of Marketing*, 36(9/10): 1047-1057.
- Kohli, K.A. and Jaworski, B.J. (1990). "Market Orientation: The Construct, Research Propositions and Managerial Implications," *Journal of Marketing*, 54(3): 1-18.
- Kotler, P. and Levy, S.J. (1969). "Broadening the Concept of Marketing," *Journal of Marketing*, 33(1): 10-15.
- Levitt, T. (1960). "Marketing Myopia," *Harvard Business Review*, July-August: 45-56.
- Luk, T.K.S. (1997). "An Examination of the Role of Marketing Culture in Service Quality," *International Journal of Contemporary Hospitality Management*, 9(1): 13-20.
- Mavondo, F. and Farell, M. (2003). "Cultural Orientation: Its Relationship with Market Orientation, Innovation and Organizational Performance," *Management Decision*, 41(3): 241-249.
- Maydeu-Olivares, A. and Lado, N. (2003). "Market Orientation and Business Performance: A Mediated Model," *International Journal of Service Industry Management*, 14(3): 284-309.
- McNeil, M., Myers, S., and Adam, D. (2001). "The Reliability of Webster's Marketing Culture Instrument: Some Western Australian Findings," *Asia Pacific Journal of Marketing and Logistics*, 13(4): 66-78.
- Murgatroyd, S. (1991). "Strategy, Structure and Quality Services: Developing School-wide Quality Improvement," *School Organization*, 11(1): 7-19.
- Narver, C.J. and Slater, S.F. (1990). "The Effect of Marketing Orientation on Business Profitability," *Journal of Marketing*, 54(5): 20-23.
- Narver, C.J., Slater, S.F., and MacLachlan, D. (2004). "Responsive and Proactive Market Orientation and New-Product Success," *The Journal of Product Innovation Management*, 21: 334-347.
- Porter, E.M. (1991). "Towards a Dynamic Theory of Strategy," *Strategic Management Journal*, 12: 95-117.
- Shapiro, P.B. (1973). "Marketing for Non-profit Organizations," *Harvard Business Review*, September-October: 123-132.
- Sin, Y.M.L., Tse, A.C.B., Yau, O.H.M., Chow, R., and Lee, J.S.L. (2003). "Marketing Orientation and Business Performance: A Comparative Study of Firms in Mainland China and Hong Kong," *European Journal of Marketing*, 37(5/6): 910-936.

- Singh, R. (2009). "Does Your Library Have a Marketing Culture? Implications for Service Providers," *Library Management*, 30(3): 117-137.
- Slater, S.F. and Narver, J.C. (1994). "Market Orientation, Customer Value, and Superior Performance," *Business Horizon*, March-April: 22-28.
- , (1995). "Market Orientation and the Learning Organization," *Journal of Marketing*, 59: 63-74.
- , (1998). "Customer-led and Market-Oriented: Let's not Confuse the Two," *Strategic Management Journal*, 19: 1001-1006.
- Webster, C. (1990). "Toward the Measurement of the Marketing Culture of a Service Firm," *Journal of Business Research*, 21: 345-362.
- , (1993). "Refinement of the Marketing Culture Scale and the Relationship between Marketing Culture and Profitability of a Service Firm," *Journal of Business Research*, 26(2): 111-132.
- , (1995). "Marketing Culture and Marketing Effectiveness in Service Firms," *Journal of Services Marketing*, 9(2): 6-21.
- Webster, C. and Sundaraman, D.S. (2009). "Effect of Service Provider's Communication Style on Customer Satisfaction in Professional Services Setting: the Moderating Role of Criticality and Service Nature," *Journal of Services Marketing*, 23(2): 104-114.
- Webster Jr., E.F. (1994). "Defining the New Marketing Concept," *Marketing Management*, 2(4): 22-31.
- Wooldridge, B.R. and Minsky, B.D. (2002). "The Role of Climate and Socialization in Developing Interfunctional Coordination," *The Learning Organization*, 9(1): 29-38.
- Zeithaml, A.V., Parasuraman, A. and Berry, L.L. (1985). "Problems and Strategies in Services Marketing," *Journal of Marketing*, 49: 33-46.
- Zeithaml, A.V., Berry, L.L., and Parasuraman, A. (1988). "Communication and Control Processes in the Delivery of Service Quality," *Journal of Marketing*, 52: 35-48.

## Appendix-A

### Questions Used in the Survey and Factor Loadings

| MARKETING CULTURE  | Factor Loadings |
|--|-----------------|
| <b>Service Quality</b>   |                 |
| In our school an extremely good performance is precisely defined.  | .68             |
| The school management is committed to ensuring conditions for quality work.  | .83             |
| In my school the quality of work is purposefully measured.   | .85             |
| In my school the quality of work is purposefully monitored.  | .85             |
| We are focused on expressed needs, wants and desires of students, parents and other stakeholders.                                    | .68             |
| We believe that our behavior is reflected in the image of our school.  | .60             |
| We tend to meet the expectations of the school management.   | .62             |
| The school management emphasizes communication skills of employees.  | .71             |
| We pay attention to details in our work.   | .55             |
| <b>Interpersonal Relationships</b>   |                 |
| School management considers the feelings of employees.   | .69             |
| Everyone in the school feels important for the school as a whole.  | .74             |
| We feel we can openly express our opinions to the school management.   | .74             |
| The school management has an 'open door' policy.   | .78             |
| The school management cooperates closely with the pedagogical staff.   | .77             |
| We share a common vision.  | .78             |
| We take into consideration the feelings of students, parents and stakeholders.   | .79             |
| Each stakeholder is important to us.   | .76             |
| Every student, parent and stakeholder feels free to openly express his/her opinions about the school to any teacher in the school.   | .79             |
| Teachers have an 'open door' policy.   | .75             |
| A high level of trust exists among teachers, students, parents and stakeholders.   | .72             |
| <b>Competitive Human Resources</b>   |                 |
| The school management emphasizes teachers' rights.   | .82             |
| The school management enables a continuous professional development of teachers.   | .85             |
| The school management encourages creative approaches to work.  | .85             |
| The school management appreciates employees who perform above the standards.   | .81             |
| We are actively engaged in the recruitment of new students.  | .69             |
| The school management provides more benefits to employees than competitive schools.  | .79             |
| We work hard on developing new programs.   | .74             |
| The school management closely cooperates with the local community, municipality and other organizations in the external environment. | .80             |
| We work hard on developing new projects.   | .67             |
| <b>Organization</b>  |                 |
| We are well organized.   | .82             |
| We plan our daily work precisely.  | .88             |
| We set priorities for our work.  | .88             |
| The areas of our work are well organized.  | .80             |
| We effectively manage our time.  | .78             |
| The scheduled time is enough to complete our jobs.   | .63             |

| <b>MARKETING CULTURE</b>   | <b>Factor Loadings</b> |
|--|------------------------|
| <b>Internal Communication</b>  |                        |
| The school has internal rules and procedures which are available to any employee.  | .75                    |
| The school management clearly expresses its expectations to employees.   | .76                    |
| We understand school mission and aims.   | .76                    |
| The school management conveys information about financial matters to employees.  | .76                    |
| The school management encourages teachers to work collaboratively in developing internal standards.                                  | .86                    |
| The school management works hard on a continuous development of employees.   | .89                    |
| The school management motivates employees.   | .91                    |
| The school management encourages the culture of dialogue.  | .91                    |
| The school management emphasizes how important the commitment of all employees is to the school.                                     | .90                    |
| Employees' satisfaction is important to the school management.   | .86                    |
| In our school, we trust to each other.   | .70                    |
| In our school, we work hard to have an open dialogue about positive and negative experience with students, parents and stakeholders. | .66                    |
| <b>Innovativeness</b>  |                        |
| Employees suggest initiatives for changes.   | .69                    |
| We are up-to-date with technological developments.   | .77                    |
| We are open to changes.  | .74                    |
| The school is among the first to introduce novelties in the education process.   | .85                    |
| The school is among the first in implementing new programs and projects.   | .88                    |
| The number of projects developed in our school is more than the projects developed in competitor schools.                            | .79                    |
| <b>LONG-TERM CUSTOMER SATISFACTION FACTOR LOADINGS</b>   | <b>Factor Loadings</b> |
| In our school what students, parents and other stakeholders perceive as well performed work is clearly defined.                      | .58                    |
| The school management is committed to fulfill the needs of students, parents and other stakeholders.                                 | .72                    |
| In the school we purposefully measure and monitor students', parents' and stakeholders' satisfaction.                                | .79                    |
| We tend to recognize unexpressed needs, wants and desires of students, parents and stakeholders.                                     | .78                    |
| We believe that our behavior is reflected in the satisfaction of students, parents and stakeholders.                                 | .67                    |
| We tend to fulfill the expectations of students, parents and stakeholders.   | .79                    |
| The school management encourages communications of all those employed with students, parents and stakeholders.                       | .77                    |
| In the school we systematically monitor the activities of competing schools.   | .61                    |
| We follow our students after their graduation from our school.   | .63                    |
| In our school we are more focused on meeting the needs of our students, parents and stakeholders than in competing schools.          | .69                    |