



# Marketing and performance evaluations in non-profit services

Evaluations  
in non-profit  
services

## “Missed” targeting in communicating stakeholders’ expectations

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### Abstract

**Purpose** – The paper aims to examine how not communicating stakeholders’ expectations through marketing results in mis-targeting. It also aims to suggest that, when non-profit managers do not succeed in capturing stakeholders’ definitions of performance, marketing is ineffective and may even result in decreased support for organisational goals.

**Design/methodology/approach** – Surveys were administered to managers from a sample of 135 non-profits in Israel with a 63 per cent return rate.

**Findings** – The findings suggest that marketing practices have a differential effect on public/private stakeholders; and the effect of marketing on performance increases when targeting public stakeholders, but negatively affects performance when targeting private stakeholders. These results suggest that not properly communicating funders’ expectations is the cause for the ineffective use of marketing in non-profit organisations (NPOs).

**Research limitations/implications** – Marketing may have both positive and negative effects on performance but attention should be addressed to the differences of marketing targets in order to fit between marketing techniques and marketing targets.

**Practical implications** – The results highlight the importance of a professional approach to marketing practices in NPOs that consider the diversity of stakeholders in expectations and definitions of performance.

**Originality/value** – This is the first paper that examines the reasons why marketing has not been a successful means to increase performance in non-profit settings.

**Keywords** Marketing strategy, Performance measurement (quality), Non-profit organizations, Israel

**Paper type** Research paper

### Introduction

Non-profit organisations (hereafter NPOs) aim to have access to resources and influence in their institutional environment is vital to their survival because:

- NPOs often have limited autonomous resources and stakeholders’ influence can come at times at the expense of the organisation’s own interests; and
- the influence of the institutional rather than the technical environment is intangible (Scott, 1995) and it is therefore difficult to measure NPO performance accurately.

NPOs must often choose appropriate methods for coping with environmental demands in order to overcome or reduce uncertainty and ultimately sustain organisational performance. Since measures of NPO performance can lead to differences of opinion,



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strategies must be adopted to address the link between performance and multiple constituent effects. Studies concerning the unique nature of NPOs suggest that standard business tactics are not suited to the complex, dynamic, volunteer- and community-oriented, mission-driven character of third-sector organisations. Galaskiewicz and Bielefeld (1998) assert that NPO strategies should operate above the level of management tactics to incorporate political and retrenchment concerns that are necessary for NPO survival, taking into consideration how various communication techniques (Rooney, 2001) or attitudes (Webb *et al.*, 2000) may affect fundraising. This is probably why Alexander (2000) suggests that NPOs should employ a continuum of responses to pressure such as toleration, compromise, evasion, resisting outside influences and manoeuvring among stakeholders. It is therefore imperative to consider how marketing can improve performance when stakeholders may have different views on the subject (Balser and McClusky, 2005). Accordingly, marketing has to account for often conflicting expectations of stakeholders in NPOs (Bryson *et al.*, 2001; Chain, 1998; Peltier and Schibrowski, 1995).

The present study offers an exploration of how different marketing techniques affect how stakeholders evaluate NPO performance. It suggests that a lack of fit between the marketing technique and the stakeholders' definition of performance can influence evaluation, either positively or negatively. Our aim, therefore, is to provide guidelines in regard to:

- clearly defining the stakeholder at whom marketing is directed;
- the purpose of marketing;
- anticipated outcomes of marketing tactics; and
- whether marketing is really necessary in order to achieve the expected outcome.

In Israel, there is a large number of NPOs attentive to these aspects. This creates confusion among organisational agents, among public stakeholders supplying budgets and support for provision of services, and private sources of funding that provide donations and encourage NPOs. As NPOs strive to develop systems of sustainable management and growth, balancing different expectations from stakeholders often becomes the source of increased conflict in marketing operations (Ledingham and Bruning, 1998). Conflicting definitions of the paths to performance among public and private stakeholders are briefly described below.

Public support through government funds is an important resource for many NPOs which, when there is no alternative, depend on government grants and contracts for their existence and survival. The impact of dependence on government funding, more than on other resources, creates changes in internal processes in the organisational structure, expressed in professionalization, bureaucracy, formalization and loss of administrative autonomy.

Donations from the business sector and individuals are traditional sources of support for NPOs. Despite the vagaries of scope and reliability of private funding, such support shapes and even contributes to changes in organisational objectives (Carson, 2000). Owing to the need to ensure private contributors' support, NPOs may even modify their objectives in accordance with external pressures, e.g. promoting donor prestige and introducing norms that would ensure continuance. In the absence of such incentives, donors might withdraw their support.

It is reasonable to assume that such differences in stakeholders' goals requires empirical consideration in order to capture the lack of fit between marketing and stakeholder/public/private goals (Vazquez *et al.*, 2002; Arnold and Tapp, 2001). The present study examines whether missing marketing targets can decrease rather than increase, performance evaluations in Israeli NPOs. More specifically, it examines how subjective criteria in expected outcomes of performance between stakeholders on one hand and the organisation on the other hand affect choices in marketing. We have investigated marketing aspects such as intensive promotion of services and products, level of investment in improving an organisation's image, degree of cooperation with other groups, in order to suggest how NPOs can use different approaches for private and public stakeholders. Success in targeting the "right" stakeholders, and in using the "right" methods presents an interesting challenge (Rados, 1996; Raju *et al.*, 1995).

Several recent studies have shown that investments in marketing do not necessarily increase stakeholder support (Chain, 1998), especially when the link between marketing and performance is weak (Shoham *et al.*, 2006). The distinction between public and private stakeholders is therefore essential when examining whether marketing is successful, since both private funding and public and institutional support can enhance organisational performance (Galaskiewicz and Bielefeld, 1998; Sargeant and Kahler, 1999).

The present study offers and employs a definition of marketing that reflects the idiosyncrasies of private and public stakeholders, and the way that marketing practices indicate and address their needs and expectations. The study shows how missed targeting occurs in non-profit services when differences in definition of performance between stakeholders are not accounted for, and how marketing influences on performance vary according to type of stakeholder. Accordingly, "performance gaps" is used here as the dependent variable.

### Theoretical background

Successful organisations constantly tap into environmental impact (Daft, 2004). Organisations confronting a demanding environment must employ a variety of strategies – traditional, immediate or dialectic – in order to cope with such complexity. Measuring NPO performance can, however, give rise to different opinions concerning effectiveness. Some stakeholders adhere to the technical and resource-based view, adopting technical cost-effectiveness performance criteria, while others tend to emphasize ideological aspects and disregard the economic measure of success, i.e. efficiency. While efficient economic measures are vital (Schmid, 2002; Bielefeld, 1992), the institutional nature of NPOs suggests that non-technical measures should be the most important for assessing their performance (Crittenden, 2000; Galaskiewicz and Bielefeld, 1998).

Marketing increases legitimacy and visibility (Wade-Benzoni *et al.*, 2002, p. 47). However, the institutional environment imposes severe restrictions when public stakeholders, who provide legitimacy, often imperceptibly supervise activities and influence decision-making and organisational practices (Kraatz and Zajack, 2001). Siu and Wilson (1998) examined a sample of further education colleges and showed that marketing should be addressed towards employees rather than clients. Other studies propose a distinction between customers and consumers (Hayden, 1993) to enable a clear operational definition of NPO marketing (Sargeant *et al.*, 2002).

Accordingly, NPOs should be careful when defining who their stakeholders are, and should take them into account. The literature has suggested that marketing in NPOs is not an appropriate way to address social goals. Later studies indicate that marketing can improve the satisfaction of various interest groups with funding potential (Bryson *et al.*, 2001) and mobilize resources from strong stakeholders (Feigenbaum, 1987; Chain, 1998). However, identifying NPO stakeholders is not simple. There are public and/or political parties interested in these organisations. Different social groups serve as wardens of social, economic and cultural changes, among them: local community institutions and government representatives at all levels. These, in turn, can be divided according to their effect on an organisation; formal (members of the board of directors); informal (technical support, public relations specialists, etc.). Multiple interactions that occur simultaneously throughout the stakeholders' environment are often so subtle that they may go unnoticed even by NPO managers. Moreover, in the stakeholders' theorem, it is often challenging not only to define who a stakeholder is, but also his/her extent of influence (Daft, 2004; Bryson *et al.*, 2001). Is the influence stronger when it affects decision making during organisational processes, e.g. with board members, or when other stakeholders impose rules and regulations, as is the case with government funding?

NPO stakeholders are referred to as strong or weak (Abzug and Webb, 1999). Strong stakeholders usually have a strong interest in a product or service and therefore assert more direct control than those who are "important" because their expectations need to be addressed in terms of support and legitimacy, but do not necessarily influence an organisation's process or resources (Bryson *et al.*, 2001). It is not uncommon for stakeholders to express demands and expectations that may be incompatible with those of an organisation (Balsler and McLusky, 2005). When strong stakeholders' demands and expectations are incompatible with those of the management it is almost impossible to know whether marketing is successful, because defining concrete criteria of performance (Baruch and Ramalho, 2006) and effectiveness (Herman and Renz, 2008) can be misleading.

Lack of agreement between stakeholders becomes apparent when performance criteria must be established or negotiated (Alexander, 2000). For example, questions such as: who defines and who is responsible/accountable for the delivery of a product or service? How NPO should measure performance? Can lead to different opinions concerning those measures. Some stakeholders adhere to "technical" measures normally attached to cost-effectiveness, while others tend to emphasize ideological aspects and ignore economic measures of success (efficiency), since efficient economic measures have become vital for the survival of NPOs (Schmid, 2002; Bielefeld, 1992; Crittenden, 2000; Galaskiewicz and Bielefeld, 1998). Several authors have indicated that it is difficult to define NPO performance using a single measure, whether objective (Carson, 2000) or subjective, because of the multiplicity of stakeholders funding organisational goals. Hence, NPO managers must clearly define differences in stakeholders' expectations. Macdonald and Byron (2003), for instance, suggest that managerial success in "fitting" the "right" stakeholders to the "right" marketing presents an interesting challenge for NPOs (Rados, 1996; Raju *et al.*, 1995), in particular with regard to NPO use of multiple marketing techniques to ensure a better fit between goals and stakeholder expectations (Vazquez *et al.*, 2002; Arnold and Tapp, 2001). We have therefore examined different marketing aspects, including intensive

promotion of services and products, level of investment in improving an organisation's image, degree of cooperation with other groups, etc. to emphasize how NPOs may use different approaches to private and public stakeholders.

### *Social marketing*

Social marketing strategies are the best area to examine for possible links between marketing and performance in NPOs. According to Andreasen and Kotler (2003), social marketing is about changing behaviours rather than ideas. Thus, social marketing can and should adhere to commercial marketing technologies to define the market according to its central characteristics in order to achieve improvement, and:

[...] in practical contexts, this new definition allow(s) various team players to see their role as contributing in various ways to this ultimate goal – and not fighting each other over which way is best (p. 302).

According to Kotler (2000) however, marketing is based on exchange: it involves two parties that communicate in order to achieve something of value to both, and they are able to accept or reject the marketing content when both parties consider the interaction as appropriate. This point is of importance, because it implies that there is a degree of interest in participating in the process. However, this is not applicable to NPOs because measurable outcomes are not easily identifiable, and it is hard to decide what is or is not appropriate because public and private stakeholders hold different views of performance. Nevertheless, an important extension of Kotler's concept appears in "relationship marketing" (Hastings and Saren, 2003), in which the marketing objective shifts from "sale closure" to customer retention and loyalty – which is a psychological rather than a behavioral aspect. In such a case, NPO marketing becomes "institutional", thereby fulfilling the NPOs claim to legitimacy and creating support for their cause.

*Organisational characteristics.* Stakeholders are investors, to be directed towards the single outcome of increased funding. Social marketing models seldom take into account how the organisational set up may affect the use of marketing on stakeholders. It is not uncommon, for example, for a well-established NPO to attract more individual donations because it has more marketing experience and better connections with media agents. According to the resource-based view, stakeholders are the source of funds that enable maintenance (Barney, 1991). If there is adequate institutional support, there may be less need for marketing – which is certainly true of older and larger organisations (Daft, 2004; Young, 2000).

Established organisations with successful records are less willing to adopt new survival methods and are more prone to crisis. They become "tighter", less adaptable to variation and flexibility, and since they tend to retain faithful customers and suppliers, are less prone to environmental shock (Meyer *et al.*, 1995). Older NPOs, for example, often have more resources because they have established a long tradition of social support (Galaskiewicz and Bielefeld, 1998; Stone *et al.*, 1999). They are also more likely to have more tasks requiring coordination, necessitating sharper task differentiation, greater need for specialized functions, and a more ramified administration to ensure coordination between units. Organisational size is also a key variable in technical analysis, and a valid proxy for such features as resources, efficiency and survivability (Haveman, 1993; Sine *et al.*, 2006). Larger organisations can usually grapple effectively with various environmental disturbances because they can expand their activities by

adding new products or services and seeking new markets (Daft, 2004). Size is also an indicator of the number of tasks to be coordinated and, as such, generates structural changes and enlarged administration units (Bluedorn, 1993). Thus, larger organisations tend to have more specialized functions and administrative units (Haveman, 1993).

Schmid (2002) and Herman and Renz (1997) found a high correlation in NPOs between performance and organisation size, explaining that size indicates the degree of legitimacy that an organisation obtains from its environment, often expressed through allocation of resources, growth indicating that NPOs have addressed the expectations of the stakeholders. In an early study in Israel, Feigenbaum (1987) suggested that larger and older NPOs are more likely to use marketing strategies, but that age and size do not necessarily indicate higher potential for obtaining support. Conversely, evidence from other countries suggests that older and larger organisations are likely to operate with larger budgets that enable better marketing and thus attract more donations (Arnold and Tapp, 2001). Finally, geographic location should also be considered, to control for potential to increase resources (Bozzo, 2000). Allocation of services often reflects social considerations such as population dispersion, specific needs and/or strategic choices (Bielefeld, 1992; Alexander, 2000). Centrally located main offices can increase the odds for fundraising because organisations are likely to be part of a network. However, some organisations report more marketing when offices are located at the periphery, where there is less involvement with strategic choices, i.e. they may be small, but will have high marketing exposure because marketing costs are shared. While the phenomenon of “virtual” organisations is not common in Israel, it has been growing in importance because of its economic advantages.

### Research questions

The present study seeks insight into the differences between the expectations of the various stakeholders and how marketing affects them. Owing to limited information concerning the link between marketing and stakeholders’ definitions of performance, the following research questions are examined here:

*RQ1.* Do marketing practices affect public and private stakeholders’ evaluations of performance similarly?

*RQ2.* How do organisational variables – size and age – influence evaluations of performance by public and private stakeholders?

We have used a tool that registers the differences among stakeholders in defining performance in NPOs, and have incorporated organisational-level variables measuring marketing (Daft, 2004).

### Method

#### Sample

The study presents a convenience sample drawn from a list of 255 social organisations included in the 2001 annual report of Shatil, an umbrella organisation providing services, consulting and education to Israeli NPOs. In 2004, managers of these organisations were contacted and asked to respond to a 64-item questionnaire related to non-profit operations, structure and practices. If managers were not available, those at the next managerial level were requested to respond. About 62 per cent

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(135 organisations) returned the questionnaires. Mean organisational age was 14 years, 30 per cent were located in metropolitan areas. Managers averaged six years of organisational experience, and 50 per cent of them had professional training.

### Measures

#### Dependent variables

- (1) Organisational performance:
  - Attached is a list of various groups with which your organisation is associated. How do you evaluate the gap/degree of disagreement between the expectations of the following stakeholders and organisational performance in your organisation.
- (2) Public stakeholders:
  - government; and
  - local authorities.
- (3) Private stakeholders:
  - service recipients (private – individual and organisation – donors);
  - board of directors, public and government stakeholders; and
  - individuals, private organisations, board of directors?

#### Independent variables

- (1) Marketing: how do you evaluate the organisation's activities in the following areas:
  - market research to tap into new sources of support and opportunity;
  - high intensity promotion of services/products;
  - investing strongly in acquiring support from the environment to improve organisational image; and
  - cooperation with other groups ( $\alpha = 0.762$ ).
- (2) Organisation context:
  - age: years of operation; and
  - size: of population served (log).
- (3) Environment:
  - location: main office and/or central branch for delivery of services (1 = central branch); and
  - affiliated organisations: number of organisations collaborating with the organisation.

All attitudinal (perception and evaluation) items were measured using Likert scales (1 (low) – 7 (high)).

### Analysis

For the *RQI*, we considered whether environmental effects and the organisational context may influence how marketing affects stakeholders' definitions of performance (Daft, 2004). Our findings are presented as follows:

- Correlation analysis provides estimates of relationship between the variables.
- A three-step regression analysis shows relative effects of each set of variables (organisational context, environment and marketing).

The explained variance of each step in prediction of dependent-variable performance is the net effect after controlling for effects of previous sets of variables. This is necessary in order to isolate the net effect of marketing on performance evaluation. Finally, all variables are inserted in the regression analysis to examine the direct effect of each independent variable in regard to all variables in the model.

### Findings

Prior to data analysis, mean values for the model variables and correlation estimates are presented in Table I.

The findings suggest several significant points. First, there is a low but significantly positive relationship between performance gaps and marketing, suggesting higher evaluation of performance gaps between private stakeholders and the organisation: managers have less perception of ineffective coping with the market practice requirements of private stakeholders, i.e. that the organisation invests more in different facets of marketing ( $r = 0.148$ ). However, this result is a rather weak preliminary indication that our research question is correct. Second, the critical role of organisational size in marketing is strong ( $r = 0.396$ ) suggesting that controlling for size effects is a necessary step in the prediction of marketing. Finally, a positive relationship between private and public performance gaps is established ( $r = 0.268$ ), indicating possible similarities between private and public stakeholders deriving from the composition of NPOs board of directors.

These results suggest that a degree of consensus on how an NPO is or should be run exists between the two types of stakeholders, but this does not necessarily mean that agreement is total.

A multivariate analysis was then conducted for added effects of each set of variables – context, environment and marketing – on performance gaps according to the distinction between public and private stakeholders. Since theoretical and empirical studies indicate that organisational capabilities may alter performance (Daft, 2004), we first controlled for effects of context (age and size) and environment (centrality of branch and number of affiliated organisations). Finally, we examined marketing practices to evaluate “net” effect on performance (Table II).

First, the context variables were integrated in the analysis. It is evident that the variances, i.e. age and size of population ( $R^2$  estimates), have no significant overall effect on all dependent variables, i.e. public and private performance, contributing only 1.8 per cent to the prediction of public performance gaps ( $R^2 = 0.018$ ) and 2.1 per cent to private performance gaps ( $R^2 = 0.21$ ). Results related to environmental effects demonstrate that marketing is significant to both public ( $R^2 = 0.049$ ) and private ( $R^2 = 0.157$ ) performance gaps. This suggests that the probability of inserting marketing practices in the next stage may be more difficult, because performance that reflects environmental expectations usually accounts largely for success in business organisations and NPOs alike (Herman and Renz, 2008).

Interestingly, the effect of marketing increases public stakeholders’ evaluation of performance gaps by a factor 10 per cent ( $r = 396$ ) relative to the effect of



	Means	SD	1	2	3	4	5	6	7
1. Public stakeholders' performance	7.5308	5.22	1	0.268***	-0.047	0.035	0.049	-0.090	0.105
2. Private stakeholders' performance	9.556	6.03	1	1	0.103	-0.161	0.042	-0.016	0.148**
3. Organisation age	16.80	10.04			-0.047	0.038	0.007	0.399***	0.075
4. Organisation size: (for population served)	8.14	2.19			1	1	0.072	0.056	0.396***
5. Location (central branch = 1)	1.25	0.618					1	0.103*	-0.059
6. Number of affiliated organisations	17.38	6.53						1	-0.029
7. Marketing practices	29.47	9.07							1

**Table I.**  
Means, standard  
deviations and  
correlation estimates for  
examined variables

environment ( $r = 259$ ). In the case of private stakeholders, the same type of effect has triple magnitude ( $r = 353$ ) relative to the previous inclusion of environment effects ( $r = 115$ ). This indicates that marketing may have a higher effect on performance gaps among private stakeholders, whereas environment has a greater effect in the case of public stakeholders. It is thus reasonable to assume that local government, for example, would allocate funding according to the needs of a target population rather than to marketing messages, which is why the effect is lower (Table III).

The findings reveal that the common denominator in private and public performance discrepancies is size of population served. The directions, however, are reversed. Population size decreases private performance discrepancies ( $b = -0.775$ ;  $p < 0.005$ ), but increases those of public performance ( $b = 0.619$ ;  $p < 0.05$ ). There is no effect for age or for centrality of location. All this suggests that small organisations located on the periphery can still attract both public and private sources. More importantly, marketing has significant effects on private performance, but none whatsoever on public performance. This indicates that private sources are more open to marketing messages ( $b = 0.170$ ;  $p < 0.05$ ), while public funding relies on indices such as population size.

### Conclusions

The purpose of marketing in the business sector and its effect on performance is well established – it is intended to increase visibility in order to create a competitive advantage and enhance profits. In non-profit settings, marketing efforts are the single most effective way of gaining visibility and support in terms of participation and/or of selling products and services (Macdonald and Byron, 2003). Like the business sector, NPOs address targeted populations to increase social visibility, enhance fundraising and thereby improve performance but the role of marketing on performance is empirically less evident. The main reason is that NPOs, as “institutionalized” organisations, must comply with a great variety of social agents and operate under regulative, normative and cognitive standards in order to attain funding resources and generate processes and outcomes necessary to their survival (Scott, 1995). These social agents, however, often have different and/or conflicting goals that impede establishing “objective” success criteria in NPOs. Awareness of, and marketing according to, these subtle differences between private and public stakeholders (Dees, 1998) are imperative for improving performance. The findings confirm that marketing has a significant effect on evaluations of performance when targeting private stakeholders (organisations and individuals); intuitively or intentionally, NPO marketing “targets”

	<i>R</i>	<i>R</i> <sup>2</sup>	Adjusted <i>R</i> <sup>2</sup>	SE of estimate	<i>F</i>	Sig.
<i>Public stakeholders' performance</i>						
Context	0.133	0.018	-0.008	5.97685	0.691	0.504
Environment	0.295	0.087	0.025	5.87733	1.412	0.230
Marketing	0.396	0.157	0.087	5.68796	2.258	0.047
<i>Private stakeholders' performance</i>						
Context	0.146	0.021	-0.002	5.35618	0.927	0.400
Environment	0.115	0.073	5.153	0.115	2.708	0.036
Marketing	0.353	0.125	0.071	5.15751	2.335	0.049

**Table II.**  
Model predicting private and public stakeholders reports of performance

	Private stakeholders' performance			Public stakeholders' performance						
	SE	$\beta$	t	Sig.	B	SE	$\beta$	t	Sig.	B
Age	0.032	0.033	0.105	0.970	0.335	0.002	0.031	0.010	0.075	0.940
Size (for population served)	-0.757	0.300	-0.275	-2.526	0.013	0.619	0.357	0.241	1.734	0.058
Branch (central = 1)	1.152	1.274	0.091	0.904	0.368	-0.101	1.061	-0.012	-0.095	0.924
Number of affiliated organisations	-0.004	0.010	-0.039	-0.358	0.721	-0.051	0.020	-0.327	-2.521	0.014
Marketing	0.170	0.073	0.256	2.348	0.021	0.036	0.079	0.064	0.462	0.646

**Table III.**  
Regression coefficients  
predicting private and  
public stakeholders  
performance gaps

private stakeholders successfully; the link between marketing and performance is high. This confirms the suggestion that a socially “desirable” goal will be supported by social groups (Bozzo, 2000).

Moreover, organisational size accounts for a small but significant effect on marketing success. Its effect however depends again on type of stakeholder: it affects positively marketing among public stakeholders; yet, when marketing is targeted towards private stakeholders organisational size has a negative effect.

These findings highlight the characteristics of Israeli non-profits. In Israel, NPOs are strongly supported by public funds: policy makers and public agents define performance according to how many large groups require publicly institutionalized support in various areas such as health, education, unemployment, family-and-child support, etc. The wellbeing of these recipients of services are of primary concern, so that the larger the groups in need of these services, the higher the institutional support and funding they receive. However, as funding increases so does institutional control over organisational practices in order to prevent performance gaps: “institutionally” defined needs (to which organisational goals are oriented) must be fully reflected in the quantity/quality of services provided by the NPOs. Whenever public money seems to be “wasted” in organisational practices, such as marketing, public needs are perceived as not being adequately met by the organisations (Vazquez *et al.*, 2002). Indeed, the results show that marketing is ineffective when addressed to public or governmental institutions (Balser and McClusky, 2005) apparently because it fails to communicate recipients’ expectations. These findings support the research question suggesting differences between private and public stakeholders in the effect of marketing.

So, why invest in marketing? The answer is quite simple. When part of the organisational revenues (often amounting to 60 per cent of the sum required to maintain operation) is obtained through public support, it is not unlawful to attempt to secure and increase revenues from private stakeholders. As Ackchin (2000) points out, the pressure to adhere to more demanding expectations has led many NPOs to develop excellent survival skills by intentionally adopting for-profit techniques as suggested by Bielefeld (1992) and Bryson *et al.* (2001), to the point that marketing has become a major focus of NPO operations when developing strategic choices.

The study has confirmed that “missed” targeting in communicating stakeholders’ expectations is possible suggesting that special care should be given to developing appropriate tools of communication to enhance marketing effects in NPOs. As in business settings, targeting specific groups often means devising a new way of communicating even when a product or brand remains unchanged. Different approaches should be applied to different requirements to ensure effective marketing and sustainable performance.

It is, however, possible that NPOs in Israel may differ from NPOs elsewhere. In the USA, there is federal support, and in the UK, there are strong links to the business sector. In Israel though, the majority of NPOs providing services are dependent, and hence more vulnerable, to governmental budgets and measures of performance while at the same time, the small private sector does not provide extensive funding support to NPO goals. Possibly, therefore, marketing as discussed here, cannot provide an extended and reliable overview of marketing techniques and their effect on performance to culturally different NPOs in other institutional settings.

### Limitations and recommendations for future research

The sample employed for this study was relatively small. Considering the diversity of organisational types and services, this limitation could generate bias in regard to the examined effects of marketing practices on performance. Furthermore, the marketing measures are relatively specific, and there is, perhaps, a need to use more specific aspects of marketing, e.g. "lobbying" which fits the institutional nature of NPOs and is not properly addressed herein. Lastly, our measures are based on managerial perceptions and therefore they do not necessarily capture actual gaps in performance. As a result, it is not possible to assess the range of marketing practices, or to what extent NPOs satisfy stakeholder expectations. Future studies should focus on both objective and perceived performance, as well as on elaborated measures of marketing targets in order to evaluate the success of marketing as relevant to NPOs.

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