

MARKET ORIENTATION OF THEATRES IN BOSNIA AND HERZEGOVINA

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Abstract

Market orientation has lately become one of the major research issues in Bosnia and Herzegovina, mainly because of the country transition to market economy. This process requires essential changes in business behavior of organizations which need to become market oriented. Our study measures the level of market orientation of theaters in Bosnia and Herzegovina. We tried to find out up to which level theaters in Bosnia and Herzegovina implement activities known as intelligence generation, intelligence dissemination and responsiveness. Research results show that the level of market orientation is, according to three MARKOR subscales, low. Theaters collect information from their environments and they have a certain process of organizational communication which results in the level of functional compatibility of (re)actions aimed to the market. Nevertheless, the conclusion is that all the analyzed activities are in their early stages of development.

JEL classification: L32, L33, L83, L84

Keywords: market orientation, business behavior

1. Introduction

Market orientation of profit organizations is a subject of numerous researches. However, a much smaller number of in-depth analyses are conducted on the issue of market orientation of non-profit organizations. Although, profit is not their primary goal it does not mean that non-profit organizations should not test business conducting on the market. Non-profit art organizations must have an even more aggressive role on the market, which means that they have to influence the public in order to create new needs (Adižes; 2002, 24). Key reasons for applying marketing strategies in a theatre are classical organizational models, the role of political elites, old methods of ticket sales and a need for financing theatre projects (Marić; 2000, 15).

Marketing oriented organization is „consumer oriented“ and it is defined as an organization which „puts great effort in order to feel, serve and satisfy the needs and wishes of its clients and audience, but within its financial limits“ (Kotler&Levy; 1969, 43). Consumer orientation is equal to the implementation of marketing concepts or marketing orientation in non-profit organizations, with a focus on consumers, coordinated efforts and profitability (Kotler&Andreasen; 1987, 38).

Market orientation is „the generation of adequate market notifications which are related to present and future needs of buyers, as well as relative abilities of competitors to satisfy those needs; the integration and good communication between the departments and coordinated strategic organization to respond to specific needs of the market.“ (Shegliand&Dart; 1994, 276/ Hunt&Morgan; 1995, 1/ Ruekert; 1992, 228).

2. Research

The main aim of this research was to discover whether theatres in Bosnia and Herzegovina are market oriented. For research purposes five key questions were defined:

1. What is the level of market orientation of theatres in Bosnia-Herzegovina?
2. What level did theaters in Bosnia-Herzegovina reach in the process of „gathering market information“?
3. What level did theaters in Bosnia-Herzegovina reach in the process of „disseminating market information“?
4. What level did theaters in Bosnia-Herzegovina reach in the process of „answering market information“?
5. What effect can eventual market orientation have on theatre's profitability?

2.1. Research methodology

The data collected during research was collected through questionnaires which were sent to fourteen different theatres in Bosnia and Herzegovina. The questionnaires were addressed to marketing sector personnel, as well as non-marketing sectors and directors. 85,7 % of questionnaires were answered.

The questionnaire was composed of 32 Markor model questions, but they also consisted of market orientation elements of non-profit sector (Kohli&Jaworski; 1990, 12). The questionnaire consisted of following elements: a) ten questions on „gathering market information“, b) eight questions on „dissemination of market information“, c) fourteen questions on „responding to market

information“. Every question was graded according to Lickert's scale from 1 (disagree totally) to 5 (agree totally). It is essential to note that in some cases inverted coding was used (1-agree totally, 5-disagree totally)

2.2. Research results

Collected data was analyzed in SPSS. In order to collect data for analysis, every statement in the questionnaire was defined as a variable (v1, v2, v3, etc.). Furthermore, every variable was connected to a grade from 1 to 5, according to a given answer. On the basis of these parameters arithmetic mean and standard deviation of every variable was calculated.

Table 1 – Scales for measuring market orientation of theatres in Bosnia and Herzegovina⁸

VAR. NO.	STATEMENT	MEAN GRADE	STANDARD DEVIATION
	Collecting market information		
1.	We meet with audience at least once per year in order to find out what kind of repertoire and other services they want to see in the future.	4,58	0,515
2.	Representatives responsible for public relations cooperate directly with the audience, in order to notice their needs and serve them better.	4,50	0,522
3.	In our theatre we work on the so called „in-house“market research, so that we can outline the real needs and preferences of our audience.	4,50	0,674
4.	We are slow in discovering the preferences of our audiences, notably in theatre shows and services (*)	2,75	1,215
5.	At least once per year we ask our audience to grade the quality of our programme and other services we offer.	4,17	0,718
6.	We often talk with the audience or with individuals who we think could influence the decisions of our audience.	4,25	0,965
7.	We often collect business information in an informal way (lunch with colleagues from other theatres, business meetings, cocktails, private contacts, etc.).	4,00	1,128
8.	Several departments in our theatre collect information on our competitors, independently from each other.	3,00	1,348
9.	We are slow in noticing fundamental changes in	3,42	1,311

⁸ Legend: (1 = disagree totally; 2 = disagree; 3 = undecided/do not know; 4 = agree; 5 = agree totally). Questions marked with the asterix (*) are questions that were graded with inverted codes, and thus the scale is changed with these questions : 1 = agree totally; 2 = agree; 3 = undecided/do not know; 4 = disagree; 5 = disagree totally.

VAR. NO.	STATEMENT	MEAN GRADE	STANDARD DEVIATION
	theatre business (e.g. competition, social changes, economic situation, legal regulations). (*)		
10.	We periodically analyze changes in business environment (e.g. social changes, politics, salaries), which could have an influence on our audience.	3,83	1,267
	Distributing market information		
11.	Most of our informal meetings in this theatre are focused on our competition and their tactics and strategies.	3,58	1,165
12.	We have joint interdepartmental meetings at least on trimester basis, where we discuss our market trends and development.	4,00	0,953
13.	Marketing sector personnel (or similar sector) in our organization spend a lot of time in discussing with personnel from other sectors on issues of future needs/audience preferences.	3,92	0,900
14.	In our organization we circulate newspapers, daily news, reports, etc.), which offer information on our audience.	4,08	0,793
15.	When something important happens to our audience, the entire theatre learns about the event in a very short time.	4,45	0,688
16.	The information on audience satisfaction is always distributed to levels in our organization.	4,58	0,900
17.	There is minimal communication between our marketing sectors and other sectors when it comes to questions of market development. (*)	2,17	1,267
18.	When one sector discovers information on our competitors, it is usually slow in notifying other sectors about it. (*)	3,17	1,642
	Response to market information		
19.	We take a long time in deciding how to respond to competitor price change in tickets/services. (*)	3,17	1,642
20.	The main principles of market segmentation drive our development efforts and help us introduce new theatre services.	4,17	0,937
21.	For certain reasons, we tend to ignore changes that our audience asks for. (*)	3,67	1,497
22.	We periodically consider the activities that develop our services, so that we sure that the audience accepts them.	4,00	1,044
23.	Our business plans are developed through organizational and technical skills, rather than through market research. (*)	3,25	1,215
24.	Periodically, several sectors jointly plan answers to changes in our business environment.	3,25	1,055
25.	The services we offer depend on our internal politics, and not on real market needs. (*)	3,17	1,337
26.	If our main competitor would launch a campaign to	3,33	1,155

VAR. NO.	STATEMENT	MEAN GRADE	STANDARD DEVIATION
	get our audience, we would promptly create a counter strategy.		
27.	The activities of various sectors in our organization are well coordinated.	3,92	0,793
28.	We ignore our audience complaints. (*)	4,33	0,492
29.	Even if we had excellent marketing plan, we probably would not be able to implement it fully. (*)	2,58	0,996
30.	We are fast to respond to price changes that our competitors impose.	3,00	1,279
31.	When we learn that the audience is not satisfied with the quality of our services, we quickly take the necessary steps to change the negative trend.	4,17	0,835
32.	When we learn that the audience would like to modify the services that we offer, the responsible sectors put great efforts to introduce the change.	4,00	0,739

Source: author's research and calculation

On the basis of provided data, one comes to the answer to the first question: *“what is the level of market orientation of Bosnia and Herzegovina's theatres?”* The result was obtained through the method of finding the arithmetic mean of all median values of specific variables. The average grade given to market orientation level of theatre sector in Bosnia and Herzegovina was 3, 7148 with a standard deviation of 0, 36593. This brings us to the conclusion that theatre sector in Bosnia and Herzegovina does not have a highly, but partially market oriented system⁹.

The second question was: *“what level did theaters in Bosnia-Herzegovina reach in the process of „gathering market information“?* The grade given to Bosnia-Herzegovina's theatre sector in conducting this process was 3.9000. This is the best result, which confirms partial market orientation with a standard deviation of 0.42426.

The third question was: *“what level did theaters in Bosnia-Herzegovina reach in „disseminating market information?“* The grade given to this activity was 3.7292, which also confirms that here we have partial market orientation with somewhat lower standard deviation of 0,48216. In reality, this confirms that information collected outside of theatre is not adequately disseminated within the organization itself.

The fourth question: *“ what level did theaters in Bosnia-Herzegovina reach in „answering market information“ processes?“* was given a grade of 3.5714

⁹ Ocjena 3 označava neutralnu tržišnu orijentaciju, dok ocjene iznad 3 predstavljaju pozitivnu tržišnu orijentaciju.

with a standard deviation of 0.45888, which leads to a conclusion that theatres respond poorly to information gathered from the outside.

In order to give an answer to the fifth question: “*what effect can eventual market orientation have on theatre's profitability?*” we needed to grade several measures of success. As a measure of success in theatre sector, we took a number of permanently employed artists in ensembles, as well as a number of independent units in the theatre, revenue from ticket sales, number of premiers and a number of times the ensembles participate at festivals or guest visits. All indicators are considered on the annual basis.

The questionnaire also asked a question: “how would you grade the activity level at your theatre planned for the last year?” The answers could be graded from 1 to 5, where 1 means that no activities were introduced, and 5 means that all planned activities were completed. Table 2 lists all general questions related to theaters, and answers which show the level of success of every theatre considered in this analysis. The answers presented in the table below show the eventual influence of market orientation on theatre profitability.

Table 2 – Variables for measuring the effect of market orientation on theatre profitability

VAR. NO.	QUESTIONS	MEAN GRADE	STANDARD DEVIATION
34.	What is the number of permanently employed personnel in the theatre?	35,80	20,730
35.	What is the number of permanently employed artists in ensembles?	13,89	5,968
36.	What is the number of sectors in the theatre?	3,29	1,496
37.	What was last year's annual revenue from ticket sales? ¹⁰	50867,26	48014,562
38.	How many premiers and shows did your theatre have last year?	28,73	59,114
39.	How many times did your ensembles participate at festivals or visits to other theaters in the last year?	8,40	8,181
40.	What grade would you give to your theatre in terms of completing annual goals?	3,82	0,603

Source: author's research and calculation

Table 3 presents a correlation matrix which shows a connection between certain variables. The highest level of correlation between the two variables equals to 1, while the lowest equals to 0.

It can be noticed that the values on the main diagonal are all equal to one, because every variable is in perfect correlation with itself. Besides, the correlations above and below the main diagonal seem to present an “image in the mirror”.

¹⁰ In convertible marks (KM).

*Table 3 – Correlation matrix*¹¹

		MO ¹²	GMI	DMI	RTI	V34	V35	V36	V37	V38	V39	V40
MO	Pearson Correlation	1										
	Sig. (1-tailed)	,										
	N	12										
GMI	Pearson Correlation	,772**	1									
	Sig. (1-tailed)	,002	,									
	N	12	12									
DMI	Pearson Correlation	,754**	,500*	1								
	Sig. (1-tailed)	,002	,049	,								
	N	12	12	12								
RTI	Pearson Correlation	,864**	,454	,455	1							
	Sig. (1-tailed)	,000	,069	,069	,							
	N	12	12	12	12							
V34	Pearson Correlation	,333	,366	-,338	,488	1						
	Sig. (1-tailed)	,173	,149	,169	,076	,						
	N	10	10	10	10	10						
V35	Pearson Correlation	,560	,697*	,262	,413	,909**	1					
	Sig. (1-tailed)	,058	,018	,248	,135	,002	,					
	N	9	9	9	9	7	9					
V36	Pearson Correlation	,789*	,639	,429	,786*	,139	,591	1				
	Sig. (1-tailed)	,017	,061	,169	,018	,397	,108	,				
	N	7	7	7	7	6	6	7				
V37	Pearson Correlation	,187	,087	,116	,212	-,083	-,040	-,188	1			
	Sig. (1-tailed)	,315	,412	,383	,292	,430	,466	,381	,			
	N	9	9	9	9	7	7	5	9			
V38	Pearson Correlation	,037	,262	-,121	-,030	-,026	-,040	-,099	-,159	1		
	Sig. (1-tailed)	,457	,218	,362	,465	,474	,460	,426	,354	,		
	N	11	11	11	11	9	9	6	8	11		
V39	Pearson Correlation	-,088	-,226	-,218	,095	,321	,219	-,083	-,020	,018	1	
	Sig. (1-tailed)	,404	,265	,272	,397	,200	,302	,447	,483	,480	,	
	N	10	10	10	10	9	8	5	7	10	10	
V40	Pearson Correlation	,301	,325	-,166	,434	,613	,621*	,380	,265	,153	,129	1
	Sig. (1-tailed)	,185	,164	,313	,091	,040	,037	,229	,263	,327	,361	,
	N	11	11	11	11	9	9	6	8	11	10	11

Source: author's research and calculation

Table 3 illustrates a high level of correlation between market orientation and its indicators. The highest degree of correlation exists between market orientation and “response to market information”, followed by market orientation and distribution of market information, and market information and gathering market information. This also represents the effect these indicators have on market orientation.

Although less statistically important, but still with a high degree of correlation, is the relation between market orientation and the number of independent organization units within the theatre.

Statistically, gathering information and information dissemination correlate with the number of permanently engaged artists, while information dissemination does not correlate significantly with any of the given variables. The responsiveness to the information highly correlates with the number of

¹¹ ** - correlation is significant on 0.01level (1-tailed); * - correlation is significant on 0.05 (1-tailed)

¹² MO – market orientation; PTI – gathering market information; DTI – distributing market information; OTI – response to market information. Signes V34-V40 are explained in Table 2.

independent organization units within the theatre. However, this relation is statistically less important.

Statistically significant, as well as highly correlated is the relation between the number of permanently employed personnel and permanently engaged artists. The research also showed that goal-oriented theatres are directly influenced by a number of permanently engaged artists in the ensembles.

Table 4 illustrates the correlation between market orientation and per capita earnings, since these the former is the main indicator of the latter. It is possible to note that in the table below the level of correlation is very low, which demonstrates the insignificant influence of this indicator on the overall market orientation of theatres in Bosnia and Herzegovina.

Table 4 – Correlation between market orientation and income (per person)¹³

		MO	PI
TO	Pearson Correlation	1	
	Sig. (1-tailed)	,	
	N	12	
PZ	Pearson Correlation	,264	1
	Sig. (1-tailed)	,284	,
	N	7	7

Source: author's research and calculation

3. CONCLUSION

The results show that theatres in Bosnia and Herzegovina are only partially market oriented. If one considers market orientation as a process consisting of three phases (information gathering, information dissemination within the organization and information receptiveness), it is easy to note that, as they develop, these phases loose on strength. Furthermore, the first phase of the process (information gathering) was graded with the highest grades, while information dissemination received somewhat lower graded. Lastly, information receptiveness was graded the lowest.

Although they do gather market information, it is evident that theatres still do not succeed in turning this action to their advantage. This occurs mainly because of poor internal information dissemination, as well as uncoordinated responsiveness to gathered information.

The correlation analysis proved that there is an important link between market orientation and the number of independent working units within theatres, as well as a number of permanently engaged artists. There is also a significant correlation between goal fulfillment and the number of permanently engaged artists. Nevertheless, although the main indicator of market orientation is per capita earning, the correlation between the two was not proven.

¹³ MO – market orientation; PI – income (per person).

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