Antecedents and consequences of market orientation in universities: Literature review and conceptual framework

Authors:

Yousra ASAAD
Brunel Business School, Brunel University

Dr Geraldine Cohen
Brunel Business School, Brunel University

Professor TC Melewar
Brunel Business School, Brunel University

Contact Address:

Yousra ASAAD
Brunel Business School
Chadwick Building, Room 160
Brunel University, Uxbridge, UB8 3PH

Contact Email:

Yousra.asaad@brunel.ac.uk

Track:

Marketing of Higher Education

Keywords:

Marketing, Universities, Market Orientation, Higher Education Marketing, Performance
Antecedents and consequences of market orientation
in higher education institutions:
conceptual framework and research propositions

Abstract
Recent developments in marketing theory have resulted in the conceptualisation of the market orientation construct in different cultural and industrial settings. However, there is little research investigating the applicability of market orientation in the higher education context. Building on the existing literature on market orientation and higher education marketing, the authors propose a theoretical framework of market orientation from a higher education management perspective. The framework analysis leads to propositions relating to the antecedents and consequences of market oriented universities. On the basis of the formulated propositions, the authors conclude with a discussion of the implications both for academia and practice and further research.

Introduction
Research in the field of market orientation has been developed in different national and industrial contexts, following a variety of methodological approaches. However, market orientation in the higher education context has not received a great deal of attention. This is in line with some previous studies asserting the lack of both the conceptualisation and application of some important strategic issues in the educational setting (Maringe 2005), such as: market orientation (Conway et al. 1994; Hemsley-Brown and Oplatka 2006). Only few prior attempts (Lindsay & Rodgers 1998; Siu & Wilson 1998; Caruana & al. 1998) have been made in order to apply market orientation into higher education. Nonetheless, these attempts entail a large part of practicality rather than examining the conceptualisation of market orientation in the context of higher education taking into account the specificities associated with the marketing of higher education.
Since the role of market orientation in higher education does not appear to have been adequately considered, a conceptual framework examining the conceptualisation of market orientation in higher education has been designed. This will form the bulk of the issues to be discussed in the section that follows.

Applicability of market orientation in the higher education context:
Investigating the applicability of market orientation in the higher education context suggests essentially the identification of both the core business and the customer of higher education institutions.
Nature of universities offerings (the core business):
The core business of universities still remains ambiguous, due to some discrepancies existing in the literature of higher education marketing. While some authors approached the marketing of higher education with a product-marketing perspective (e.g. Kotler & Fox 1985; Conway, et al. 1994), others advocated the service nature of the educational offerings (e.g. Winston 1999; Umashankar 2001; Nguyen & LeBlanc 2001; Russell 2005; Melewar & Akel 2005). Nonetheless, in referring to the history of higher education marketing, it can be contended that initial studies adopted a product-marketing approach in perceiving the educational programmes/courses as the “product” to deliver to students (perceived here as the...
customer) (Conway et al. 1994). Following the same perspective, students were perceived as the product conveyed to the employer (considered as the customer) (Kotler and Fox 1985). Subsequently, the product-marketing approach has been abandoned in the 1990s and replaced by a service-marketing perspective (Hemsley-Brown and Oplatka 2006). In this context, universities are considered as providing professional services. This is supported by the applicability of the four characteristics of services (Edgett and Parkinson 1993; Nicholls et al. 1995; Harvey and Busher 1996).

**Identification of the customer:**

Another difficulty rising from the existing specificities of higher education marketing is the blurred identity of the customer (Kinnell 1989; Owlia and Aspinwall 1996; Maringe 2005). This is confirmed by Weaver (1976), who sees four parties as potential customers: the government, its administrators, teachers/academics and the actual consumers (the learners, their families, employers and society as a whole). In the same line of arguments, Robinson and Long (1987) distinguishes between primary (the students), secondary (e.g. paymasters) and tertiary (e.g. employers, parents) customers.

According to marketing theory, “customers are the ones who receive the benefit of the product or service and they are the ones who put their hands in their pockets to pay for it” (Lindsay and Rodgers 1998: 167). Both of these conditions can apply to the student and the industry (employing organisations). Another marketing concept that can be put forward to confirm the primacy given to students as the main customer is the concept of “interaction” (Cowell 1984). Interaction is described by Gummesson (1991: 68) as the “point of marketing” which is likely to influence the customer’s purchases. It can be then concluded that, since the student participates heavily in the interaction process with the university and its members, its position as the main customer is thereby reinforced.

The employing organisations can also be perceived as the universities’ customer. In essence, they benefit from the educational services, though indirectly. They can also be the ones paying as a counterpart to the benefits that they will acquire in the long run.

Consequently, both the student and the industry (employing organisations) are the principal customers of higher education institutions. Yet, the role of other parties should not be disregarded. The remainder entities (e.g. Government, local educational authorities, society, etc) represent the other stakeholders and forces that play a considerable role in influencing students’ wants and preferences.

**Conceptual model of market orientation in universities:**

Figure 1 represents a conceptualisation of the three components of market orientation in the higher education setting.

![Conceptual model of market orientation in universities](image-url)
The starting point of a market oriented university is market information generation by formal (e.g. in-house market research, planned meetings with students) and informal means. This activity involves the searching for market intelligence pertaining to different stakeholders taking part in a higher educational system. This includes principally customers: prospective and current students and the employing organisations. Moreover, monitoring marketing activities (new courses developed by other universities, campaign targeted to our student market, etc) implemented by other schools/universities seems necessary. Additionally, detecting fundamental shifts in higher education environments (e.g., regulation, technology) should not be overlooked.

The intelligence generated from the previous phase needs to be disseminated throughout the university both hierarchically and horizontally. In order to realise a successful diffusion of seminal market information, interdepartmental meetings can be scheduled on a regular basis. Subsequent to the information dissemination stage, the participation of different departments in taking concerted action -as a response to market needs- is achievable. The use of different marketing strategies (e.g. segmentation, positioning, planning) will enable marketing operatives to develop new programmes and also to implement systems to market different educational services.

Responding to changes taking place in higher education will -in its turn- have an effect on generating further information. Interestingly, among the outcomes expected from responding to students’ wants and preferences is to satisfy them. Thus, in order to know whether the responsive actions that have been taken had a positive or negative effect on the students, continuous monitoring of the students’ reactions seems necessary. However, the effect that the responsiveness stage exerts on generating further market information would be gradual, as it will take a period of time for students to realise the changes carried out, to experience them, and to subsequently express their thoughts regarding the quality of these changes.

From the above, it can be concluded that market oriented activities represent a continuous and cyclical process.

**Propositions about MO antecedents:**

In this work, market orientation antecedents have been classified into three groups: personal, organisational and external forces.

**Personal antecedents:**

Top management emphasis on a market orientation. Several authors contend that top management emphasis on a market orientation plays a critical role in determining the level in which an organisation is market oriented (Kohli and Jaworski 1990; Jaworski and Kohli 1993; Slater and Narver 1994b; Pulendran and Speed 1996a).

Similarly, in the higher education setting, market orientation needs to start from the organisation itself because of its service nature (Cowell 1984). The understanding and the commitment of marketing operatives to market orientation is vital. Scribbins and Davies (1989) argue that decisive market-oriented leadership is the most urgent need in the context of higher education (Siu and Wilson 1998). Therefore,

P1: The greater the top management emphasis on a market orientation, the higher the university level of market orientation.

**Organisational antecedents:**

Previous studies emphasised the role of some organisational characteristics as facilitators of market intelligence generation, dissemination and responsiveness (e.g. Bhuian 1992; Kohli and Jaworski 1990; Jaworski and Kohli 1993; Harris and Piercy 1997).
Entrepreneurship: this concept has been strongly linked to market orientation (Day and Reynolds 1997). Interestingly, the management in many universities are becoming aware of a need to take an entrepreneurial approach and to look closely at market needs (Siu and Wilson 1998). In encompassing dimensions of innovation, risk-taking emphasis and proactive attitude; entrepreneurship would serve as a response to the changing environment of the higher education sector (Altbach 2004; Maringe 2005) and as the basis for universities to become market oriented (Breneman 2005). Thus, it is expected that entrepreneurship will influence the organisation’s market orientation. Thus,

P2: The higher the level of university entrepreneurship, the higher its level of market orientation.

Interdepartmental conflict: According to Siu and Wilson (1998), conflict can hinder effective communication throughout the organisation, with the latter being the base for organisationwide information dissemination and a concerted response. Consequently, interdepartmental conflict is believed to negatively affect the level of an organisation market orientation (Lush et al. 1976; Kohli and Jaworski 1990; Jaworski and Kohli 1993; Harris and Piercy 1997).

In the higher education setting, divergence of interests does exist between the different stakeholders (students, lecturers, government, HEFC, industry, parents) (Lindsay and Rodgers 1998). By applying Burn’s analysis of micropolitics (1977) to the educational context, it can be argued that marketers and teaching staff form two different coalition groups, due to their conflicting interests. Essentially, marketers share a more entrepreneurial approach and closer look to market needs, while the teaching body are generally more focused on conveying a “liberal ideal learning” (Owlia & Aspinwall 1996). The political tension that may arise subsequently to these coalitions is an inhibitor of market orientation. Therefore:

P3: The greater the interdepartmental conflict, the lower the market orientation of the university.

Interdepartmental connectedness: Another factor that is conceived to affect market orientation is “the degree of formal and informal direct contact among employees across departments” (Jaworski and Kohli 1993). Several authors supported the positive influence that interdepartmental connectedness exerts on market orientation (Wong et al. 1989; Jaworski and Kohli 1993; Harris and Piercy 1997). Contrary to the previous idea of interdepartmental conflict -risen from political tension between different educational departments- is the connectedness represented essentially by bringing the marketers and lecturers together to design, develop and implement courses that will respond to the needs and wants of the students and industry. Hence, it can be proposed that:

P4: The greater the interdepartmental connectedness, the greater the market orientation of the university.

Reward systems: Webster (1988, p. 38) posits that “… the key to developing a market-driven business lies in how managers are rewarded”. Subsequently, the value/emphasis that an organisation confers to the realisation of long term objectives (such as: customer satisfaction), can be reflected in its reward system. According to Siu and Wilson (1998, p. 314) “rewards need to be given to managers in order to reinforce their behaviour, thereby the achievement associated with market orientation is recognised”.

P5: The greater the reliance on market-based factors for rewarding academic staff, the greater the market orientation of the university.

External antecedents:
Some authors (Davis et al. 1991; Bhuian 1992) contended that the adoption of a market orientation will represent a reaction to the perceived environmental turbulence.

Universities are facing different environmental challenges: funding constraints, high tech developments, corporate needs and a greater competitive context (Buchbinder 1993). The
perception of these environmental factors by senior executives and marketing operatives involves a call for incorporating a greater market orientation into universities strategic planning process (Conway et al. 1994). Essentially, the market information search and the response to it would reduce the risk associated with environmental challenges. As an illustration, when academic marketing operatives perceive a high level of competition, market oriented activities are likely to be deployed in order to respond to the increasing competition, and thereby, to lessen the risk related to operating in such turbulent and competitive environment. Thus:

P6: The higher the perception of environmental turbulence, the higher the level of universities market orientation.

**Propositions about MO consequences:**

Organisational performance has extensively been investigated as an important consequence of market orientation (Narver and Slater 1990; Ruekert 1992; Jaworski and Kohli 1993). Previous studies investigated the overall performance achieved by universities. However, there is no theoretical foundation for the combination of the different dimensions of performance in a captured single aggregated measure (Jaworski and Kohli 1996). This implies the possibility to focus on different dimensions of performance separately.

Multiple dimensions approach can be considered for the educational setting in order to acquire a full picture about both financial and non financial performance aspects.

It has been argued, in the context of the UK higher education, that a market orientation allows institutions to attract and retain students (Wolf 1973; Berry and Allen 1977; Blackburn 1980; Kotler 1976; Kotler and Fox 1985) (Liao, 2000). Consequently, attracting more students is likely to positively affect the relative market share of the market-oriented university. Hence,

P7: The increase of the relative market share is positively related to market orientation.

Another important outcome of having paying special attention to students and the industry as a whole is the enhancement of the students’ satisfaction. A high level of students’ satisfaction would facilitate attracting new students, given the importance of “word of mouth” as a communication tool which influences the decision-making process of students (Binsardi and Ekwulugo 2003). Therefore:

P8: Students’ satisfaction is positively related to market orientation.

Previous studies tested the impact of market orientation on the university ability to attract non-government funding relatively to other universities, and found a positive and significant link (Caruana, et al. 1998a; b). Therefore:

P9: Universities relative ability to attract non-governmental funds is positively related to market orientation.

**Discussion and conclusions:**

**Managerial lessons:**

The propositions outlined in this study have significant managerial implications. First, this research presents very specific and practical suggestions concerning the factors that promote or inhibit a market orientation in a higher education context. Most of the factors delineated in this research (personal and organisational) are largely controllable by senior executives and marketing operatives, and thereby allow a purposeful implementation of a market orientation. This study suggests that senior executives need to be convinced of the effectiveness of a market orientation to be able to communicate this commitment to the other functions. In addition, the promising findings of this study in terms of the positive performance outcomes expected from deploying a market orientation will encourage senior executives to embrace market oriented behaviours. Therefore, rather than remaining as a lip service, market orientation is likely to expand as a successful practice in a sector that has been distant from the marketing idea for decades: higher education.

**Academic lessons:**
In a globally competitive environment in which higher education institutions operate, market orientation approach will serve as a sound strategy for universities to adopt, in order to deliver high quality programmes, and thereby, to attract high quality students and academic staff.

**Directions for Further Research**

An obvious direction for future research would be to test the propositions advanced in the present study. This would provide an operationalisation to the construct of market orientation in the higher education context.

**References:**


