EXPLORING MARKET ORIENTATION AND PERFORMANCE IN THE UNIVERSITY

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ABSTRACT

For a number of years, colleges and universities have adopted marketing practices to help attract and retain students. However, there is little examination of how important a market orientation is to performance in colleges and universities. This study examines the extent of a student-focused market orientation and its association to performance at one university. A survey of college professors found positive and negative relationships between selected dimensions of student-focused market orientation and performance.

INTRODUCTION

During the past decade, there has been consider-able interest and research concerning marketing orientation and its impact on organizational performance. In one of the first studies to develop a measure for market orientation, Narver and Slater (1990) found a positive relationship between a market orientation and return on assets. Kohli, Jaworski, and Kumar (1993), also developers of a market orientation survey now widely used, found a positive and significant relationship to overall performance. Others have demonstrated how market-oriented organizations perform better in terms of market share (Deshpandé, Farley, and Webster 1993), long-run financial success (Ruekert 1992), service performance in hospitals (Raju, Lonial, and Gupta 1995), and customer satisfaction (Webb, Webster, and Krepapa 2000).

While colleges and universities have been adopting marketing practices as they seek to attract and retain students, little research has been conducted assessing how important market orientation is to performance of universities. The purpose of this investigation is to examine the extent of a student-focused market orientation among college faculty and the effect it has on performance at one university in the USA.

MARKET ORIENTATION AND UNIVERSITIES

Caruana, Ramaseshan, and Ewing (1998) investigated the extent of market orientation and its association with overall performance at Australian and New Zealand universities. This survey of department heads found a positive relationship between market orientation and overall perform-ance. Harmon, Webster, and Hammond (2003), using the Narver and Slater instrument, demon-strated that colleges of business exhibit a lower level of market orientation than business enterprises. In 2006, Hammond, Webster, and Harmon modified the Narver and Slater scale to assess business schools' market orientation toward students, parents of students, and employers of graduates. This study surveyed deans of business schools, and found an association between a market orientation and performance. These studies demonstrate the relevance of the market orientation construct to universities, and suggest the need for further study of the applicability of it to higher education.

The practice of marketing generally assumes the acceptance and implementation of the marketing concept (Kohli and Jaworski 1990). For colleges and universities, this means adopting market oriented practices. Because professors act as the producers and dispensers of educational services, they are the major marketers for the university. Consequently, professors' acceptance and practice of a market orientation is one factor in the success and performance of the university.

Varying definitions of market orientation appear in the literature. For John Narver and Stanley Slater, the need to create superior value and a sustainable competitive advantage drive the attempts to build a culture of market orientation. It consists of and is measured along the dimensions of customer orienta-tion, competitor orientation, and interfunctional coordination. While this perspective sees market orientation as a culture committing the organization to a continuous process of seeking superior value for customers, Ajay Kohli and Bernard Jaworski's (1990) view is a behavioral one where specific behaviors are related to generation and dissemin-ation of market intelligence, and the organization's responsiveness to it. Intelligence generation concerns studying student needs and wants, plus how factors in the external environment can impact the university. Intelligence dissemination is the sharing and communications to all departments and faculty of this student information. Responsiveness is actions taken in response to this information.

Measuring Market Orientation in Universities

Caruana, Ramaseshan, and Ewing's (1998 and 1999) invetigations used a modified version of the

Kohli, Jaworski, and Kumar MARKOR scale because of its focus on behaviors and ease in implementation. The studies by Harmon, Webster, and Hammond used a modified version of the Narver and Slater scale—the MKTOR. The intent in this study was to use a modified version of the Caruana, Ramaseshan, and Ewing instrument. However, a panel of professors (four panel members) reviewed the MARKOR and MKTOR scales and suggested these instruments be used as guides to develop a new survey. The panel's recommendation was for a student-focused market orientation instrument that centered on the practice and behaviors that implement the marketing concept at the level of the individual professor and student. This effort is discussed in the methodology section.

Market Orientation and Performance Relationship in Universities

The practice of a market orientation is expected to be associated with higher performance in universities. Kohli and Jaworski (1990) stress three major consequences of a market orientation as causes for increased performance. The first is it facilitates clarity of focus in the strategy of the organizations. Its application should assist universities to develop a more student focused mission and vision statements. Secondly, it helps motivate employees, leads to increased job satisfaction and employee commitment. Finally, it leads to increased client satisfaction that attracts and retains students.

Performance can be assessed with judgmental or objective measures. In a review of twenty of the most cited market orientation papers, Dawes (1999) found 14 used subjective measures and six relied on objective measures. The university market orientation studies cited here all use subjective measures. The rationale for subjective measures in universities is that they are more appropriate for what is being assessed, such as the contribution to learning or the nation's intellectual capital. It has been suggested that many of activities performed by government institutions, like universities, do not lend themselves to standard objective measurements, and that these activities are in the public sector because of such measurement problems (Mintzberg 1996). For these reasons and the difficulty in collecting objectives measures, this research used subjective measures of university performance provided by the survey respondents.

METHODOLOGY
Sample

College professors from a large university in the American Southwest were randomly selected and asked to participate in a panel. Three hundred professors were selected and 180 agreed to complete a series of questionnaires on a variety of topics. No incentives or rewards were used to encourage participation. A total of 10 surveys were administered over a period of eight months. The student-market oriented survey and performance measures were part of the surveys. The usable number of questionnaire for this study is 109. The sample includes professors from 45 different areas in the university. The respondents have a mean age of 51, an average of 11 years at the university, 14 years average of college experience, 80 percent hold a Ph.D., 60 percent are male, 40 percent female, 83 percent of their job is primarily teaching and research, and rank is 32 percent assistant professors, 23 percent associate professors, 30 percent full professors and the remainder are non-tenured track professors.

Survey Instrument - Student-Focused Market Orientation

The scales used to measure student-focused market orientation are based on previous works designed to measure market orientation (Kohli, Jaworski, and Kumar 1993; Caruana, Ramashshan, and Ewing 1998, 1999) and customer orientation (Saxe and Weitz 1982; Customer Focus Research 1988; Brady and Cornin 2001). The procedure used to develop the survey was to have a group of four faculty review the market and consumer orientation measures, and recommend any changes or modifications. The result, after several iterations, was to shift the focus from an organizational and top management level to a faculty level. The purpose was to concentrate on those market oriented activities faculty commonly engage in when they interact with students. The panel suggested an instrument to assess four dimensions of student orientation, including intelligence generation and responsiveness similar to the dimensions in the MARKOR scale. The intelligence dissemination dimension was replaced with the following two factors: 1) advising and mentoring of students and 2) department head role or leadership. The rationale given by the panel for this change is that advising and mentoring are important activities of professors in their educational service delivery, and are similar to items in the market orientation scales, but are clearly student oriented and pertain to faculty activities. The professor panel also suggested that at the professor-student level, the department head role and leadership are essential to maintaining a focus on the student.

The result was a scale administered to professors containing forty-four items designed to measure the four dimensions of student-directed market orientation. It was measured with a seven point Likert scale ranging from 7=strongly agree to 1=strongly disagree. The purpose was to create a shorter scale assessing four factors representing department head role, intelligence generation, advising and mentoring, and responsiveness. A factor analysis of these forty-four items using vari-max rotation and estimated with maximum likelihood resulted in four factors as shown in Table 1. Items were removed that loaded on more than one factor and those with a factor scores below .40. Then reliability coefficients for items retained in each factor were calculated (see Table 1). Next, negatively state items were reverse-scored. Then items in each factor of every dimension were summed and divided by the number of items to create an overall mean (see Table1).The result is a student-focused market orientation scale of 23 items with the following four factors: 1) department head role (six items, Alpha=.91), 2) intelligence generation (five items, alpha=.91), 3) advising and mentoring (six items, alpha=.85), and 4) responsiveness (six items, alpha=.79).

TABLE 1
ROTATED FACTOR STRUCTURE FOR STUDENT-DIRECTED MARKET ORIENTATION

Factor	Eigen value	% var	alpha	X	SD
1 Dept Head Role	7.93	34.46	.91	4.84	1.46
2 Intelligence Gen	3.02	13.15	.91	4.27	1.37
3 Advising/Mentor	1.46	6.32	.85	5.90	.79
4. Responsiveness	1.10	4.77	.79	4.34	.98

Factor 1 Dept Head Role - Item
1. My department head makes efforts to remove obstacles that hinder serving students well. .72
2. I know what my department head expects of me in serving students. .73
3. My department head seeks opportunities to try new ways of doing things to serve students. .84
4. My department head frequently gives me honest & direct feedback about how well I serve students. .81
5. When there is a conflict between a student & faculty, my department head listens to both sides. .62
6. My department head ask for, and considers, my ideas for improving .86

the quality of our student services.
Factor 2 Intelligence Generation - Item
1. Information from student surveys are regularly used to improve the service we provide students. .66
2. We survey students regularly to access their academic needs. .77
3. In our department, we regularly ask students about their needs, wants, and expectations. .67
4. We use the information we collect from students to identify ways to improve service to them. .81
5. We regularly collect feedback from students about the quality of the service they receive from us. .80
Factor 3 Advising and Mentoring Students - Item
1. A good professor has to have the student's best interest in mind. .49
2. I try to achieve my goals by satisfying students. .52
3. I suggest a program of courses that is best suited to the student's needs. .90
4. I attempt to find out what courses would be most helpful to the students. .86
5. I try to match student's educational needs to courses that suit that need. .74
6. In my interaction with students, I try to determine what they need. .68
Factor 4 Responsiveness - Item
1. Administrators frequently remind us that it is important for us to put student problems first. .74
2. What my students want me to do & what the administration wants me to do are usually the same. .62
3. Student problems are most always to the student's satisfaction. .46
4 We regularly give students information about our services so they will know what to expect from us. .47
5. The administration provides us with support & resources that we need to serve students well. .45
6. Our policies & procedures rarely interfere with serving students well. .45

Survey Instrument – Performance

Performance was assessed using the items in the Caruana, Ramaseshan, and Ewing study (1998). These measures are subjective and captured the professors' overall assessment of performance and their ability to attract outside funding and grants. Because of the growing importance of recruitment and student retention (major goals at the university

surveyed), this dimension was added as a subjective performance measures. The ten items of subjective performance measures are shown in Table 2. Each item was measured using a Likert scale ranging from 1=very poor performance to 7=very good performance. These ten items, subjected to factor analysis using varimax rotation and estimated with maximum likelihood, resulted in three performance factors: 1) overall performance - five items with alpha of .90, 2) retention and recruiting - three items with alpha of .85 and 3) fund raising and grants with alpha of .68 (see Table 2). The items in each factor were summed and divided by the number of items to create an overall factor mean. These means were used in further analysis.

TABLE 2
ROTATED FACTOR STRUCTURE FOR PERFORMANCE

Factors	Eigen Value	% Var	alpha	X	SD
1 Overall Perf	5.15	51.54	.90	5.33	1.19
2 Retention & Recruiting	1.36	13.61	.85	4.87	1.20
3 Fund Raising & Grants	1.03	10.36	.68	4.46	1.61

Factor 1 Overall Performance - Item

1. In relation to the resources committed, the improvements achieved by my department in the past three years has been: .83
2. The level of cost effectiveness achieved by my department in the past three years has been: .75
3. The performance of my department in creating student satisfaction in the past three years has been: .74
4. The level of student services provided by the department in the past three years has been: .69
5. The overall performance of this department in the last three years has been: .65

Factor 2 Retention & Recruiting - Item

1. The performance of my department to retain students as majors over the past three years has been: .82
2. The ability of my department to increase graduation rates in the past three years has been: .81
3. The performance of my department to recruit students as majors in the past three years has been: .65

Factor 3 Fund Raising and Grants - Item

1. The overall ability of my department in obtaining research grants in the past three years has been: .82
2. Compared to other departments at this university, the overall ability of my department to raise funds in the past three years has been: .58

RESULTS

To examine the association between student-directed market orientation and performance, multiple regression analysis was used. The results are presented in Table 3. Results show there is a rather strong relationship between student-focused marketing orientation and each performance measure. As shown in Table 3, department head role and advising/mentoring are significantly related to overall performance. It is interesting to note that advising and mentoring are negatively related to overall performance. For retention and recruiting performance, the only significantly related market oriented factor is role and leadership of the department head. Department head role and advising-mentoring students are significantly related to fund raising and grants performance. Again, advising and mentoring are negatively related to performance. Department head role and leadership are strongly related to each of the three performance measures. Advising and mentoring of students is significantly, but negatively related, to overall performance and performance in retention and recruiting of students.

TABLE 3
REGRESSION OF STUDENT-DIRECTED MARKET ORIENTATION ON PERFORMANCE INDICATORS

	Overall Perf	Retention & Recruiting	Fund Raising & Grants
R^2	.49	.26	.15
Adj R^2	.46	.23	.12
F	21.58***	8.05***	4.20**
Depth	.50***	.35***	.31*
IG	.15	.04	.09
A&M	-.20**	.07	-.19*
Resp	.14	.16	.02

Notes: *p<0.05; **p<0.01; ***p<0.001
Coefficients reported are standardized beta values
Depth = Department Head Role
IG = Intelligence Generation
A&M = Advising and Mentoring Student
Resp = Responsiveness

DISCUSSION

This research is another example of the application of a market orientation and its relationship to performance. A student-focused market orientation measure was based on the MARKOR scale, but expanded to assess dimensions like student advising and department head/chair role so important to the implementation of the marketing concept in universities. However, the scale needs further testing to ensure it is a valid and reliable measure of market orientation.

The results of the study support the notion of a link between market orientation and performance. Previous studies in a university environment showed the existence of a link between the responsiveness dimension of market orientation and overall performance among departments in universities (Caruana, Ramashshan, Ewing 1998). In this study, the responsiveness dimension of market orientation was not strongly related to any of the measures of performance. What is a significant factor is the department head role and leadership in implementing a market orientation. Perhaps this applies to other organizations, especially those service organizations where employees are constantly interacting and delivering products and services to customers on a daily basis. It may be necessary to incorporate a leadership dimension or factor to the widely used measures of marketing orientation.

An interesting and somewhat unexpected outcome is the negative and significant relationship between student advising and mentoring by the faculty and overall performance. Intuitively, one would expect that advising and mentoring would be positively related to student retention and recruiting performance. Yet, there is basically no relationship. The negative and significant relationship to fund raising and grants might be explained on the basis that advising and mentoring students takes time away from grant writing and other activities that may lead to fund raising.

The negative and strong relationship between advising/mentoring and overall performance may be due to professionalism of the faculty. After all, the acceptance of a market orientation and marketing practices in professional service organizations, like universities, has been described as less than enthusiastic. Professional culture has been cited as a barrier to implementation of marketing in some organizations. Barriers include professional traditions, autonomy, desire to maintain the status quo, attitudes that marketing is unprofessional, and the lack of marketing skills by many professionals (Morgan and Piercy 1991; Harris and Piercy 1998). Others have found that the marketing concept is seen negatively by such professionals as editors and research scientists (Whittington and Whipp 1992).This negative view of marketing may give rise to ideological conflicts arising between professionals who are internally focused on their professional job, while a marketing orientation or student focus calls for an external focus that is seen as an attempt to legitimize internal control over them and their professional tasks as professors. Therefore, attempting the implementation of a marketing orientation in professional service organizations, like the university, involve a potential for ideological struggle, resulting in a negative view of certain marketing practices with university performance.

The research has a number of limitations. First, the survey was conducted at only one university making the results limited in scope. Second, it may be argued that the student-directed market oriented scale used here is limited in its development and must be developed further before offering conclusions or recommendations for marketing practice in universities. Third, there is of course, no general agreement on how performance should be assessed. Perhaps more objective measures should have been used such as actual student retention rates and actual semester by semester enrollments. Finally, one could argue that professors have a biased view of their profession and the responses from them do not really reflect what they do.

The application of a market orientation and its relationship to organization performance has produced a large body of research. Yet, this relationship needs to be investigated further, especially in non-profit service organizations like universities. This study was one small attempt to do so.

References Available on Request