

Running header: MARKET ORIENTATION IN HIGHER EDUCATION

A Market Orientation

In Christian Higher Education

The 16<sup>th</sup> Annual CBFA Conference

Albert C. Socci is a Doctoral student at  
Nova Southeastern University and an Assistant Professor of Business  
Administration at Eastern Nazarene College

## **ABSTRACT**

The purpose of this paper is to explore how a market orientation may be beneficial in Christian higher education. The literature on market orientation has shown that high performance firms display innovativeness, organizational climates of openness, trust, an extremely organizational-oriented culture, and a high degree of market orientation (Deshpande and Farley, 1999). Much of the market orientation research to date has focused on manufacturers and service firms both domestically and internationally. Competitive and financial pressures encountered by Christian liberal arts colleges are requiring them to pay close attention to the market and streamline their operations in order to survive.

### **Why a Market Orientation in Higher Education**

The technological wave is quickly pushing higher education to look at its offerings in relation to demand in the market place. Declining enrollments at liberal arts institutions could be attributed to the flexibility of the degree offerings at progressive non-traditionally oriented institutions. Do Christian liberal arts institutions have the infrastructure and flexibility to adapt to a changing educational market place? This paper will explore how a market orientation can prepare these institutions for the high paced environment that is upon us in higher education.

Business methods in academia have been modeled in such areas as budgeting, management information systems, human resource management, and finance. The notion that a market orientation can be adopted in an academic setting where students are considered customers and education is the product is being offered up to hurting liberal arts colleges. College administrators and faculty question whether a corporate marketing approach should be used in academia. The fear is that this customer approach can “subordinate the values and objectives of academics and other stakeholders to the perceived needs and wants of students” (Driscoll and Wicks, 1998, p. 60). Universities are chastised for proposing curriculum to adapt ethnocentric interests rather than adopting a market orientation (Comm and LaBay, 1996).

## **Background**

Market orientation facilitates the accumulation of market intelligence and the dissemination of this information across departments. The greater the communication among departments, the greater the chance of information exchange with a timely response (Kohli and Jaworski, 1990). The research to date suggests that all departments be cognizant of customer needs, and therefore, be responsive to those needs through interdepartmental communication. Management must strive to establish inter-functional dependency so that each area discovers its own advantage in cooperating closely with other departments (Narver and Slater, 1990).

Kohli and Jaworski (1990) refer to organizational norms and values within the marketing concept, but they do not argue that market orientation is an aspect of culture. Deshpande, Farley, and Webster (1993), and Slater and Narver (1995) include cultural aspects as a key component to customer orientation. Deshpande and Webster (1989) propose that corporate culture refers to a pattern of common values and convictions that help individuals to interpret how organizations function, which in turn provides them with the norms for behavior in the firm. Culture is regarded as an organizational variable which wields a potent blow upon the hidden forces within a firm, effecting behavior and performance of individuals; and, in all likelihood, more than the formal procedures and systems (Kwaku and Satyendra, 1999).

Narver and Slater (1990, p. 21) describe market orientation as the “culture that most effectively and efficiently created the behaviors for the creation of superior value for buyers”. Deshpande and Webster (1989) perceive market orientation as a culture and

believe that developing a basic understanding of organizational learning requires the scrutiny of other cultural values and the atmosphere that enhances it.

Culture can be defined as the unrecorded policies and prescriptions or “way we do things around here”. Another intuitive meaning depicts culture as “why things happen the way they do” versus organizational climate, “ what happens around here” (Schneider and Rentsch, 1988). An investigation of culture is appropriate to organizations because it is regarded as a key ingredient of success in the execution of marketing strategies. The marketing philosophy then, symbolizes a corporate culture, a rudimentary set of values and beliefs, which place the customer at the heart of the organization’s approach to strategic policy making (Deshpande and Webster, 1989).

Studies done in the 1960’s found that business organizations that are structurally acclimated to their environments are likely to be more prosperous than those that are not. In a study of U.S. plastics and container firms, researchers found that by matching the complexity of their environment with a differentiated internal structure led to a greater degree of success (Lawrence and Lorsch, 1967). The more complex the environment, the larger the number of different departments and specialized roles that were created. These studies led researchers to the formation of contingency theory. “It posits that organizations will be more effective if they adapt their structures to fit with their environments and other contingencies they face” (Trice and Beyer, 1993, p. 309).

In order to adjust, organizations must detect environmental demands and continually scrutinize their environments for information. Members of organizations who interact constantly with sectors of the environment are important sources of information and in effect act as boundary spanners between their organizations and their environments.

These interactions with outside cultures make the boundary spanners logical conductors for cultural exchange between organizations and their environments (Trice and Beyer, 1993). Studies conducted with a contingency management perspective saw culture as an independent variable endogenous to the firm, consisting of beliefs and values developed by and within the organization (Deshpande and Webster, 1989).

The contingency-based research has tested true relationships between environmental factors and organizational structures. Institutional theory, in contrast to contingency theory, claims that business customs and organizational forms can become institutionalized and endure, even when they are no longer effective. Organizational activity and structures are grounded in social networks and are affected by the pressures of conformity and equity, which arise from the organization's environment (Homburg, Workman, Krohmer, 1999). Institutionalization is defined by Meyer and Rowan (1977, p. 341) as "the process by which social processes, obligations, or actualities come to take on a rule like status in social thought and action". They go on to state that organizations may "incorporate elements which are legitimated externally, rather than in terms of efficiency" (p. 348).

### **Market Orientation, and Academics**

Christian liberal arts colleges are in the business of creating a learning environment while fostering Christian values for their students. As competitive pressures mount and alternative forms of non-traditional education enter the market, private Christian liberal arts colleges are pressed with the task of determining how they will continue to compete. One argument that continues to be at the forefront of debate today is the relativeness of customer orientation within academic institutions. Proponents of a market orientation

would argue that institutions should know the desires of potential customers (students). This means that the customer (students) may have the opportunity to negotiate the curriculum they desire. It is important to note that a market orientation always presumes that the customer is aware of their needs and is able to communicate them to the provider. An eighteen-year old prospective student exploring a college may not be aware of these needs (Driscoll and Wicks, 1998).

The question frequently raised concerns the student's (customer) ability to evaluate the education (product) either before the purchase or even after the purchase decision since they seldom have the technical aptitude to do so (Licata and Franwick, 1996). One of the major contentions as we explore the concept of marketing is the exchange process. The assumption is that an exchange of value takes place between the customer and seller. "The higher education industry is one in which those who consume its product do not purchase it, those who produce it do not sell it, and those who finance it do not control it" (West, 1995, p. 20). The market orientation literature makes the assumption that the customer is aware of their needs and is capable of articulating these needs to the service provider or producer. As previously mentioned, can a traditional student communicate this need? A stronger case can be made for the non-traditional adult learner who through sophistication via life and work experience has the ability to articulate their need. As the academic community determines whether to adopt a marketing-centered approach, questions of quality in academics are raised as to whether a commercial exchange forms the basis of the exchange between the student and the institution.

Notwithstanding the popularity of market orientation, the evolution of management expertise required to effect strategic marketing plans continues as a problem in many

service firms. The suitable culture needed is one that is constructed on a customer orientation. This culture is obviously one that cannot be hidden from the customer because of the significant interaction between the customer and employee in a service organization. The advancement of a strong market orientation culture provides an integrated locus resulting in superior organizational performance (Kohli and Jaworski, 1990). “In order to develop and sustain high levels of market orientation the control of organizational culture is a crucial aspect for marketers” (Harris, 1999, p. 93). Kotler (1996) argues that a strong marketing culture is explicitly associated with greater customer satisfaction. Service organizations must make a harmonious effort to fulfill the needs of their customers and retain them.

An institution of higher education performs a service to its constituents. The individual attention given to each student by admissions representatives, the professionalism and creativity by financial aid directors, and genuineness of a faculty member can give a student a positive impression of the institution. Based on the previous discussions regarding the culture inherent in academics, how would a customer-oriented atmosphere be implemented?

As Deshpande and Webster (1989) describe, a marketing philosophy is a corporate culture with a rudimentary set of values and beliefs that place the customer at the heart of the organization’s approach to strategic policy making. Christian colleges hold closely to a set of values that set them apart from secular institutions. Can these values, that shape their foundations, be used to strategically market the institution?

Internal communications play an important part in determining the successfulness of an institution. Communication of the institution’s mission and objectives coupled with

appropriate policies and procedures secure a successful implementation of marketing strategies (Kwaku and Satyendra, 1999). Cross-functional sharing of information allows for employee satisfaction that translates to the customer. This fosters interpersonal relationships that can lead to satisfied employees and translates into value creation for the customer.

An antecedent of market orientation that would pertain to our discussions of culture in academics is interdepartmental conflict. “Interdepartmental conflict may stem from natural desires of individual departments to be more important or powerful, or may even be inherent in the charters of the various departments” (Kohli and Jaworski, 1990, p. 7). Fundamentally, interdepartmental conflict hinders communication across departments which in turn, lowers the amount of marketing knowledge that is shared and may also cause tension that can be felt by customers.

Given the conflicting nature of the academic world, it is the administration’s responsibility to appease these conflicts by underscoring the magnitude of interdepartmental cooperation by emphasizing the value of each department’s contribution in satisfying customer needs. Academic organizations breathe and flourish with conflicting goals and conflict is not resolved but deferred until it becomes so imperative that it needs immediate attention (Cyert and March, 1963).

The cultural change process in higher education has historically been slow. One of the key reasons cited is the bureaucratic/political dynamics in which institutions operate. Decision making at the institutional level occurs at a snail’s pace. They are ultimately made by accord, not decree, and all interested parties must have an opportunity to speak. One department or administrator may be more powerful and convincing than others as a

result of personal characteristics and not determined by their legitimate power or official status within the institution. Senior faculty have a louder voice than junior faculty and the overall inclination is to look to older members of any academic group for decision-making (Birbaum, 1988). “At its best, the faculty is the soul of the institution and the heart of its excellence. At its worst, it closely resembles a bad legislature, a council of self-absorbed egos that puts process above substance and personal prerogative above group adaptation (Neely, 1999, p. 33). Leadership roles can take on their own mantra since faculty and administrators are viewed as equals. The president is simply viewed as an agent and not one who acts independently. Organizational constraints may diffuse the generation of original modernistic ideas since interpretation is based on the past history and controlling culture in the organization. Re-culturing the institution where both “individual” and “balkanized” cultures are transformed to those of collaboration and trust is essential today (Hargreaves, 1995, p. 16). The critical challenge for any business is to produce the unification of culture and climate that accentuates organizational learning because the ability to learn faster than competitors may be the only source of enduring competitive advantage (Slater and Narver, 1995).

A market orientation provides an organization with powerful criterion for learning from customers (internal environment) and competitors (external environment). Slater and Narver (1995) argue that this alone is not sufficient and must be supplemented with suitable organizational structures for higher-order learning. Senge (1990, p. 14) defines a learning organization as “an organization that is continually expanding its capacity to create its future”. The assumption is made that a learning environment leads to behavior

change which then leads to a willingness to learn, accept, and implement behavior change which then leads to improved performance (Garvin, 1993).

Senge (1990) references two types of learning, adaptive and generative. Adaptive learning occurs inside recognized and unrecognized constraints that mirror the organization's presumptions about itself and its environment. Generative learning "occurs when the organization is willing to question long-held assumptions about its mission, customers, capabilities, or strategy" (Slater and Narver, 1995, p. 64). These two forms of learning appear to harmonize appropriately with the concept of market orientation. It would be fair to state that a market orientation is essentially a learning orientation. The argument can be made that without the ability to use and act on information (applied learning), market orientation might not have a positive affect on performance. Market orientation encourages organizational learning and the organization's ability to learn then intensifies performance (Hurley and Hult, 1998).

Organizational structure and change in higher education has been scrutinized more in the most recent past. Escalating costs and competitive pressures have forced academic leaders to take a closer look at the cultural realities of decision making processes and leadership (Lueddeke, 1999). Several authors have suggested different institutional structures (Birnbaum 1988, McNay 1995, Davies 1997, Bolman and Deal 1991). Terms such as political, bureaucratic, collegial, managerial, and anarchical are all used to describe these structures. Bolman and Deal (1991), as cited by Lueddeke (1999), suggest frames as a method of looking at institutional organizations. The symbolic frame looks at organizations as "cultures that are propelled more by rituals, ceremonies, stories, heroes, and myths than by rules, policies and managerial authority" (Bolman and Deal, 1991, pp.

15-16). Citing Berquist (1992), Lueddeke (1999) further extrapolates on the symbolic frame, which claims that an attitude change is a key component of organizational betterment.

Institutional theory posits that customs and organizational forms can become institutionalized and endure, even when they are no longer effective. In a rapidly changing technologically based market place change needs to occur at a faster pace. The complex environment that sometimes is common in higher education with the numbers of different departments and committees make it difficult to adapt to the environment they face. Turf battles between academic departments and conflicts between administration and faculty can lead to stagnant programs and an overall lack of competitiveness in the market place.

Constantly being in touch with their stakeholders allows institutions to persistently analyze their environments for information. Alumni, corporations who employ graduates, parents of students, and admissions representatives all have access to important market intelligence. As discussed, a market orientation disseminates this information across departments so that all areas of the organization can be responsive to it. This allows for faster processes and a more market focused decision-making structure.

## **Conclusion**

Will liberal arts colleges as we know them today continue to search for an identity in a changing institutional climate in the years to come? Can the infrastructure adapt to the likes of distance education, for profit education, vocational curriculum, facilitative learning and other forms of non-traditional education? These are questions that will be commonly asked by administrators and faculty members in the coming decade. As competitive pressures mount, questions will be asked with regard to the market and how organizations can be more adaptive to its changes. The research suggests that better interdepartmental communication and the proper form of conflict (functional) can lead to improved marketing strategy formulation. A market-oriented culture will lead to stronger internal marketing.

## References

- Birnbaum, Robert (1988). How Colleges Work, The Cybernetics of Academic Organization and Leadership, San Francisco, Jossey Bass, 72-76.
- Bolman, L., and T. Deal (1991). Reframing Organizations: Artistry, Choice, and Leadership, San Francisco, Josey Bass.
- Comm, C. L., and D. G. LaBay (1996). Repositioning colleges using changing student quality perceptions: An exploratory analysis, Journal for Higher Education, 7, 21-34.
- Cyert, R. M., and J. G. March (1963). Behavioral Theory of the Firm, Englewood Cliffs, NJ, Prentice Hall.
- Davies, J. (1997). The evolution of university responses to financial reduction, Higher Education Management, 9, 127-140.
- Deshpande, Rohit, and Frederick E. Webster, Jr. (1989). Organizational culture and marketing: Defining the research agenda, Journal of Marketing, 53, 3-15.
- Deshpande, Rohit, John U. Farley, and Frederick E. Webster Jr. (1993). Corporate culture, customer orientation, and innovativeness, Journal of Marketing, 57, 24.
- Deshpande, Rohit, and John U. Farley (1999). Corporate culture and market orientation: Comparing Indian and Japanese firms, Journal of International Marketing, 7, 111-127.
- Driscoll, Cathy, and David Wicks (1998). The customer-driven approach in business education: A possible danger, Journal of Education for Business, 74, 58-61.
- Dyck, Bruno, Nealia S. Bruning, and Leo Driedger (1996). Potential conflict, conflict stimulus, and organizational performance: An empirical test, International Journal of Conflict Management, 7, 295-313.

Garvin, David A. (1993). Building a learning organization, Harvard Business Review, 71, 78-91.

Hargreaves, Andy (1995). Renewal in the age of paradox, Educational Leadership, 52, 14.

Harris, Lloyd C. (1999). Barriers to developing market orientation, Journal of Applied Management Studies, 8, 85-101.

Hurley, Robert F., and Thomas M. Hult (1998). Innovation, market orientation, and organizational learning: An integration and empirical examination, Journal of Marketing, 62, 42-54.

Homburg, Christian, John P. Workman Jr., and Harley Krohmer (1999). Marketing's influence within the firm, Journal of Marketing, 63, 1-17.

Jaworski, Bernard J., and Ajay K. Kohli (1993). Market orientation: Antecedents and consequences, Journal of Marketing, 57, 3.

John, George, and John Martin (1984). Effects of organizational structure of market planning on credibility and utilization of plan output, Journal of Marketing Research, 21, 170-183.

Kohli, Ajay K., and Bernard J. Jaworski (1990), Market orientation: The construct, research propositions, and managerial implications, Journal of Marketing, 54, 1-18.

Kotler, Philip (1996). Marketing Management, 9<sup>th</sup> Edition, Englewood Cliffs NJ. Prentice Hall.

Kwaku, Appiah-Adu, and Satyendra Singh (1999). Marketing cultures and performance in UK firms, The Service Industries Journal, 19, 152-170.

- Lawrence, Paul R., and Jay W. Lorsch (1967). Organizations and Environment Harvard University Press, Cambridge, MA.
- Licata, J., and Gary L. Frankwick (1996). University marketing: A professional service organization perspective, Journal for Marketing in Higher Education, 7, 1-16.
- Lueddeke, George (1999). Toward a constructive framework for guiding change and innovation in higher education, The Journal of Higher Education, 70, 235-260.
- NcNay, I. (1995). From collegial academy to corporate enterprise: The changing cultures in universities, Buckingham, The Open University Press.
- Menon, Anil, Sundar G. Bharadwaj, and Roy Howell (1996). The quality and effectiveness of marketing strategy: Effects of functional and dysfunctional conflict in inter-organizational relationships, Academy of Marketing Science Journal, 24, 300.
- Meyer, John W., and Brian Rowan (1977). Institutional organizations: Formal structures as myth and ceremony, American Journal of Sociology, 83, 340-63.
- Narver, John C. and Stanley F. Slater (1990). The effect of market orientation on business profitability, Journal of Marketing, 54, 20-35.
- Neely, Paul (1999). The threats to liberal arts colleges, Daedalus, 128, 27-45.
- Raghu, Tadepalli, and Ramon A. Avila (1999). Market orientation and the marketing strategy process, Journal of Marketing Theory and Practice, 7, 69-82.
- Schneider, B., and J. Rentsch (1988). Managing Climates and Cultures: A Futures Perspective, Lexington Books, Lexington MA.
- Senge, Peter M. (1990). The Fifth Discipline, The Art and Practice of The Learning Organization, New York, NY, Doubleday.

Slater, Stanley F., and John C. Narver (1995). Market orientation and the learning environment, Journal of Marketing, 59, 63.

Trice, Harrison M., and Janice M. Beyer (1993). The Cultures of Work Organizations, New Jersey, Prentice Hall.

West, E. G. (1995). Reforming the universities: The coming upheaval in higher education in Nova Scotia and elsewhere, Atlantic Institute for Market Studies, Ottawa, 1-46.