
The Effect of Market Orientation on Organizational Performance in Higher Education Institutions

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Abstract: The purpose of this study was to investigate the effects of market orientation on the Organizational performance of private universities in Jordan. The effects of market orientation are visualized on different organizational performance measures which were developed for universities specifically. The data in this study was collected through survey strategy from 100 faculty members of 10 randomly selected private universities of Jordan. The survey was performed by using a questionnaire stating the measures of market orientation and organizational performance. The reliability of the scale was assessed. The Correlation analysis was performed to test the hypothesis. The findings of this study confirm the relationship of market orientation with organizational performance measures. The market orientation has a positive relationship with organizational performance.

Keywords: Market Orientation, Organizational Performance, Higher Education Institution (HEI), Private University, Jordan.

INTRODUCTION

Throughout the world, organizations are now facing a common challenge resulting from rapid changes in the business environment. Organizations need to improve their performance in order to gain sustainable competitive advantages to survive in today's competitive environment. This serves as the driving force for a number of innovative strategic changes in many organizations. To cope with the changing expectations of the organization, there is a need for continuous improvement of the organizational performance. Different innovations can be integrated to keep the performance above the competitors of all time. In enhancing the performance of any organization, in doing this effectively, the factors that drive such performance have to be well understood.

The strategic marketing practices are earning the attention of managers involved in the services business [1]. In the service sector, Canterbury [2] argues that marketing of higher education is a challenge because some markets and characteristics of higher education are different from other markets of goods or services. However, the competition for students, faculty, and funds among Higher Education Institutions has increased the importance of marketing in the education industry [3]. The market orientation dependably enhances the business performance [4]. As said before the market orientation in higher education is making progress. In any case, for the most part, public universities have been the piece of the example with respect to showcasing introduction and execution relationship for a long time. The market orientation application in private universities has been darkened in the writing.

There is major basic, market and finances source contrasts amongst public and private universities. Floyd [5] contended that entrepreneurial conduct in revenue driven part of higher education is exceptionally unmistakable and revenue driven universities are more helpless towards the cutting edge financial and administrative hypotheses of firms and markets when contrasted with public segment not-revenue driven universities. Cabrito [6] sees that because of high evaluations necessities and exceptional rivalry for affirmation in public universities numerous understudies couldn't get confirmation in public universities and in the end they selected themselves in private universities.

According to Breneman *et al.*, [7] in public universities, the values and objectives could not go with each other as compared to private universities. They have also claimed that private and public universities have their own niche market segments which are mixed quite often. It has been reported that private university business schools show great attention towards market orientation as compared to public university business school. Ferreria and Hill [8] differentiate private universities from their counterparts by arguing that enrolment growth of students and their retention are last resorts for the survival of private universities [9]. Therefore, the role of market orientation in private universities performance should be investigated independently. This is the main objective of this study. However, there are few studies comprehending the relationship between market orientation and private universities performance [10]. The performance measures used in different studies are varying. In some studies, the financial or economic performance of firms [11], and non-economic performance is measured. The

traditional performance measures for businesses were not seen as adequate for educational Institutions. Although, the performance measures developed for universities has got the attraction of many researchers. Many performance measures are developed by [12]. This study intends to investigate the relationship of market orientation with research performance and student retention in private universities of Jordan. However, in this study, the performance measures used in recent studies will also be addressed specifically in the case of Jordan.

Problem Statement

Like other sectors, the educational sector is also affected by the rapid changes in the business environment. According to Amin [13], profound changes resulting from the emerging competitive business environment have made HEIs and universities to think the same way like business organizations. Meanwhile, educational markets are becoming global. Based on this fact, ability to compete and stay in business under such a condition depends largely on how the changes and improvement are managed by educational institutions. Jordanian HEIs had suffered more than necessary in terms of the curricula, resources, teaching methods, modern technology, and research. This thereby calls for an urgent improvement in the performance of the Jordanian higher educational organizations.

Objectives of Study

- To investigate the causal relationship between the market orientation in private universities and performance outcomes.
- To examine the relationship between market orientation and student growth rate in private universities.

LITERATURE REVIEW

Market Orientation (MO)

MO is reported to be a major source of competition in many management and marketing researches [14]. In the modern business environment, competition among the business firms has reached an extraordinary level and obtaining bearable competitive advantage has become a key to survival for most of the firms. Market orientation also provides an organization with a strategy and is a vital approach to understanding markets [15]. It is stated that MO provides a better understanding of the environment, and business that adopts Market orientation adequately meets the customer needs in a better way.

There are three MO components highlighted from this perspective – customer orientation, competitor orientation, and inter-functional coordination. Customer orientation refers to the beliefs that are customer-centered [16] and it needs a great understanding of the creation of superior products and services. On the other hand, competitor orientation

needs the understanding of the firm's strengths, weaknesses, capabilities and strategies of competitors that are actively involved in collecting information regarding existing and future competitors. Finally, inter-functional coordination refers to the coordinated use of the firm resources in the creation of optimum value for customers [17].

Ruekert [18] developed the strategic perspective of market orientation. Whenever the customer is supposed to be the focus of marketing planning of an organization, then it is logically important to make customers the integral part of strategic planning. The firm's strategy should be customer focused and all the plans and actions must embrace the true needs of present and potential customers [18].

Market orientation and performance relationship

Some researchers who dedicated their work to the MO-organizational performance relationship included Lonial, Tarim, Tatoglu, and Zaim [19]. They contributed to this field of literature by examining the critical factors of MO and measuring their impact on the development of new service and financial performance in the Turkish hospital industry. The study drew on self-administered questionnaires to collect data from a sample comprising of privately-owned general hospitals in Istanbul, Turkey. On the basis of the study's theoretical considerations, the authors developed a model to identify the interconnections among MO, new service development - performance and financial performance.

Market orientation and business performance relationship have received the considerable attention of many researchers since the 1990s. The outcomes of market orientation have been explored in the manufacturing and service sectors. Slater and Narver [17] first time indicated that market orientation is a significant predictor of business profitability. The market orientation provides a conducive environment to organizations to develop and use knowledge for better performance [17]. The role of market orientation in business performance has been identified in different socio-economic environments. It has been confirmed that the concept of market orientation and performance relationship has universality [20]. The consistency of the results about the relationship of market orientation and performance was also supported by Snoj *et al.*, [21] in a transitional economy. Green *et al.*, [22] believed that market orientation always improves the financial and marketing performance of any business regardless of organizational structure. According to Santos Vijande *et al.*, [23] a learning organization reinforces the market orientation that ultimately contributes to economic and non-economic performance of an organization. This relationship has been validated in many types of business. The market orientation has a positive relationship with financial performance (Return

on Investment, Return on sales, sales growth and market share) and marketing performance (customer's retention, customer's satisfaction and trust) of business [24].

METHODOLOGY

The quantitative methodology was used in this study. The data was collected from 10 out of 18 private universities in Jordan. These universities are recognized by Higher Education (HE) of Jordan. The 10 private universities were randomly selected based in Amman, the capital of Jordan. The data were collected through a personally administered and structured questionnaire. The faculty members were key respondents to respond to these questionnaires. The 100 faculty members approaches were both from the business administration department and non-business administration department. The number of faculty members from the business administration department was 47 and 53 members were from non-business administration department.

Measurements

To measure market orientation, 24 items are included in the instrument. These items belong to three dimensions of market orientation. The customer (student) orientation measure was formally developed by [17]. Then this measure was further refined by Gray *et al.*, [25] and considered as a more pragmatic and valid measure of customer orientation. This measure consists on 4 items. The rest of the dimensions, competitor's orientation and inter-functional coordination were measured by adopting 20-items scale from MARKOR scale developed by Kohli *et al.*, [26]. These 24-items for market orientation are measured on a five-point Likert scale where; 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree. Finally, as this study is based in the sector of higher education, so certain words used in market orientation were replaced by some words relevant to higher education. The changes made were; department for business unit; students for customers and academic staff for departments [10].

The six performance indicators were used in this study to measure the performance of private universities. These six measures overall performance and quality of teaching and services were adopted [27]. The market share was used by Collins [28] and student's growth was used by [29]. The student's retention was used by [30] and research performance measure was adopted from [31].

ANALYSIS & FINDING

Reliability

The internal consistency of market orientation scale of measurement was assessed by calculating Cronbach alpha coefficients for three dimensions of market orientation individually and for overall market orientation too. The Cronbach alpha coefficients for

each individual are ranged from .723 to .909, which confirms the reliability of scale [32].

Correlation Analysis

Pearson product-moment correlation coefficients (PMCC) are used to measure the strength of relationships between these variables as they are contained numerical data. The correlation between the antecedents and consequences were found consistent with the proposed relationships with each other. The probability of correlation coefficients is also calculated as in case of very low probability (less than .05) it indicates that relationship is statistically significant and in case of greater probability (greater than .05), it shows the relationship is statistically not significant.

DISCUSSION

The purpose of this study was to identify that whether there is some space for marketing activities in the sector of higher education in Jordan or not. After finding the association between market orientation and performance measures it is evident that application of market orientation can generate some positive performance outcomes such as higher student retention, remarkable growth in student enrolments, improvement in market share, improved quality of teaching and services, improved research performance and betterment in overall performance too. The relationship of market orientation with the performance of higher educational institutions has been consistent in many studies [10].

The relationship between market orientation and performance has been discussed. But on the other side Woller [33] warned that implementing market orientation is not an easy job. Every organization has not intentions to adopt market orientation. Because it is costly for short-term cash flows and sometimes complacent management may not want to mould their strategies according to changing needs of customers. This marketing myopia may cause sufferings for an organization. The firms that focus on product not on market may become the history. These findings can be generalized in case of private universities if universities do not prevail market oriented behaviour than might be possible they can survive in good economic condition but in case of global financial crisis such type of universities will lose their competitive space.

CONCLUSION AND RECOMMENDATIONS

In this study, the relationship between market orientation and performance is vindicated once more time. After finding the relationship of market orientation with different performance measures it can be concluded that market orientation is not only relevant for business but it is also relevant for universities .

And the results of this study was acceptable but not high, so, the researcher suggests to use

moderating or mediating variables between MO and OP, such as; competitive intensity, knowledge management, and job satisfaction, to strengthen this relationship. The last limitations to this research are the sample size which was only private universities; this study offered some potential opportunities for future research in both private and public universities in Jordan.

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