

Market Orientation: An important Consideration for Higher Education of Pakistan

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Abstract

This study highlights a theoretically and empirically neglected area in higher education system of Pakistan which is the market orientation (MO) and university performance (UP) relationship, underpinned by theories like resource based view (RBT/RBV), organizational learning theory (OLT) and multiple constituency theory (MCT). This paper tries to extract a detailed review of the pertinent literature with a more context specific operationalization of MO for higher education settings. The review of obtainable literature with the essential purpose of highlighting 'the deficit of MO in Pakistani universities' identifies that a significant relationship is evident between the MO and organizational performance even in higher education sector. However a few studies report inconsistent results about the given relationship which signifies for further investigation of the given relationship in presence of some mediator or moderator. Nevertheless, the research particularly on the relationship of interest is found insufficient in literature. Hence MO appears as a neglected area in the context of Pakistani universities. Consequently, this paper asserts for further empirical investigation of desirable relationship through a more context specific measure for MO in higher education settings, so as to empower universities, researchers, and policy makers for national transformation.

Keywords: Market orientation, Resource based View, organizational learning theory, multiple constituency theory, University performance, Higher education, Pakistan

Introduction and Background of the Study

It is indeed the structure of academic system of a country that determines the strength of economic, moral and cultural roots for a nation (Haider, 2008; Altbach, 2004), whereby the universities as a key economic catalyst, generate and provide information instead of traditional "factors of production" (Eagle & Brennan, 2007; O'Neill & Palmer, 2004;

Immerwahr, 2002). But the contemporary higher education (HE) is undergoing numerous challenges world over (Sarker, Davis & Tiropanis, 2010). Global competitive phenomenon is obligating universities to seek self sustainability because the environmental turbulence is forcing governments and other funders to de-prioritize resource allocation from education sector to health, security, and environmental preservation among others (Modi, 2012; Rivera-Camino & Ayala, 2010). Besides that the universities in Pakistan are faced with a plenty of challenges such as i) their graduates' inability to get absorbed by industry due to inefficient curriculum (Alamri, 2011; Al-Mubarak, 2011); ii) socially incompatible university research; iii) lack of social, moral, financial, infrastructural and skilled support to the HE scholars/academicians (Alzahrani, 2011).

Pertinent literature about HE asserts that the market orientation (MO) appears to have enough rationale for universities to raise performance and secure competitive advantage. (Hashim, Bakar & Rahim, 2011; Zebal & Goodwin, 2012; Niculescu, Xu, Hampton & Peterson, 2013; Algarni & Talib, 2014; Behdioğlu, & Şener, 2014). Even though there is abundant research carried out for MO in a diversity of different contexts particularly in developed countries as discussed in the following sections, none the less, the determinants, properties and power of MO is yet relatively under researched for HE especially in developing countries (Algarni & Talib, 2014; Hashim et al., 2011; Hampton, Wolf, Albinsson & McQuitty, 2009; Duque-Zuluaga & Schneider, 2008), more particularly in Pakistan (Khuwaja, Shaari & Abubakar, 2015).

Thus based on literature about HE in Pakistan, the focal problem to be stated in current study is that due to a dearth of MO, the universities of Pakistan are incapable of responding to the changing market needs demonstrated by multiple constituencies: particularly their graduates, researchers, industry, and the society as a whole (Aziz, Bloom, Humair, Jimenez, Rosenberg, & Sathar, 2014; Asgar, 2013; Rasool, 2014; Shah, 2013; Malik, Hassan, & Iqbal, 2012; Nayyar, 2012; Akhtar & Kalsoom, 2012; Bilal & Imran, 2012; Haider, 2008). This requires the HE system to capitalize on the MO to improve their performance indicators such as student satisfaction, employability of their graduates, research compatibility to the market needs, ability to attract more financial and non financial resources (Niculescu et al., 2013; Hashim et al., 2011; Hampton, et al., 2009; Hampton, 2007; Rivera-Camino & Ayala, 2010). With a true customer focus, the adaptation of MO by the academicians may enable their students for their best accommodation in the market (Clayson & Haley, 2005; Licata & Frankwick, 1996).

Therefore based on the proposed research frame work, this study is going to attend both the practical as well as theoretical implications of MO in higher education institutions of Pakistan. In the light of a detailed review of literature, the practical side of this study will address the likely change in the level of universities' productivity in Pakistan when conditioned with adoption of market orientation. The theoretical contribution of this study on the other side would be to demonstrate the theoretical gap in pertinent literature.

Universities being the socio-economic catalyst highly signify this sort of studies particularly in developing countries (Asif & Searcy, 2014 ; Eagle, & Brennan, 2007), where the lack of marketing practices and failure to satisfy students may result in failure to satisfy many other constituencies such as legislators, donors, employers, students, parents and the overall public (Khuwaja et al., 2015; Bilal & Imran, 2012; Hoodbhoy, 2009; Alexander, 2000).

More over this study being among the earliest ones in Pakistan has enough contributory potential for theoretical expansion of pertinent literature. Whereas practically, the HE administrating authorities; policy makers including the vice chancellors, rectors, concerned

deans, ministry of education, higher education commission of Pakistan; and other internal/external stake holders of universities (researchers, academicians, scholars, staff, students, parents, legislators, donors, and employers among others) can also benefit from the findings of such a study.

The Conception of Market Orientation

Ingrained in the earlier marketing literature (Drucker 1954; Borch 1957; McKitterick 1957; Felton, 1959), market orientation (MO) was originally conceptualized as a guiding approach essentially developed in the context of commercial firms (Narver et al., 2004; Caruana, Ramaseshan & Ewing, 1998; Narver & Slater, 1990; Webster, 1988; Felton, 1959). However MO may also be accommodated with the varying objectives of non-commercials (Niculescu et al., 2013; Rivera-Camino, & Ayala, 2010; Kotler 1972).

MO is a typical concept in marketing. Drucker (1954), Shapiro, (1988), Kohli and Jaworski (1990) and Narver and Slater (1990) are the seminal writers on the topic. As yet for an exact conceptualization of MO, the pertinent literature falls short of providing any single, and fully decisive definition of MO (Khuwaja et al., 2015; Kirca, Jayachandran & Bearden, 2005; Kohli et al., 1993). Some authors conclude that being evolutionary in nature, the construct of MO is not so simple to define, thus it needs a more in-depth study to comprehend, refine and explain it more specifically (Rivera-Camino, & Ayala, 2010; Hult, Ketchen, & Slater, 2005; Matsuno & Mentzer, 2005). The concept of MO has also been occasionally used synonymous to customer orientation, (Deshpande, Farely & Webster, 1993; Shapiro, 1988).

Throughout the marketing literature, MO appears as an offshoot of the marketing concept which serves as a foundation stone of the marketing discipline (Pantouvakis, 2014). Thus in light of marketing concept, the MO can be described as a set of all procedures encompassing all facets of an organization directed to customer satisfaction, through a direct involvement of top management (Shapiro, 1988). Marketing concept has three core elements which are i) customer focus—to keep the customer with pivotal status; ii) coordinated marketing—by harmonizing all the organizational policies and practices and iii) profitability—guided by customer satisfaction (Jaworski, Kohli & Sahay, 2000; Kotler & Armstrong, 2013; Algarni & Talib, 2014).

Critics on the Concept of Market Orientation

The basic conceptualization of market orientation (MO) alongwith its measures MARKOR and MAKTOR by (Kohli & Jaworski, 1990; Narver & Slater, 1990) has been condemned for its responsive nature (*refer* Narver, Slater, & MacLachlan, 2004) which tends to create risk averse organization, ignorant of potential/latent opportunities (Liew, Ramayah, & Yeap, 2014; Voola & O’Cass, 2010; Slater & Narver, 1995).

Furthermore, MO does not create a sustainable competitive advantage for all sorts of organizations (Menguc & Auh 2006; Day, 1994) such as traditional/introvert organizations like universities, and the product oriented ones like hospitals and the small businesses find them in conflict with MO (Zebal & Goodwin, 2012; Hashim et al., 2011; Webb, Webster, Kreppa, 2000; Jaworski & Kohli, 1993).

Proposed Research Framework

According to Crossan, Lane and White (1999), a framework elucidates the pattern of a theoretical basis for a potential theory. In order to be good enough, a framework needs to fulfill certain requirements, such as (i) capability to spotlight some event of curiosity such as university performance in our case (ii) Ability to affirm the basic pertinent assumptions

(Weick, 1995; Bacharach, 1989), (iii) Capacity to illustrate the associations among the components of the framework (Sutton & Staw, 1995; Weick, 1995; Whetton, 1989).

Hence on the basis of certain evidence retrieved from literature the authors declare that the proposed research framework for this study (see Figure 1) is based on some of the more context specific studies conducted in past (Khuwaja et al., 2015; Niculescu et al., 2013; Hampton, et al, 2009; Hampton, 2007). This study therefore puts forward a research framework as under:

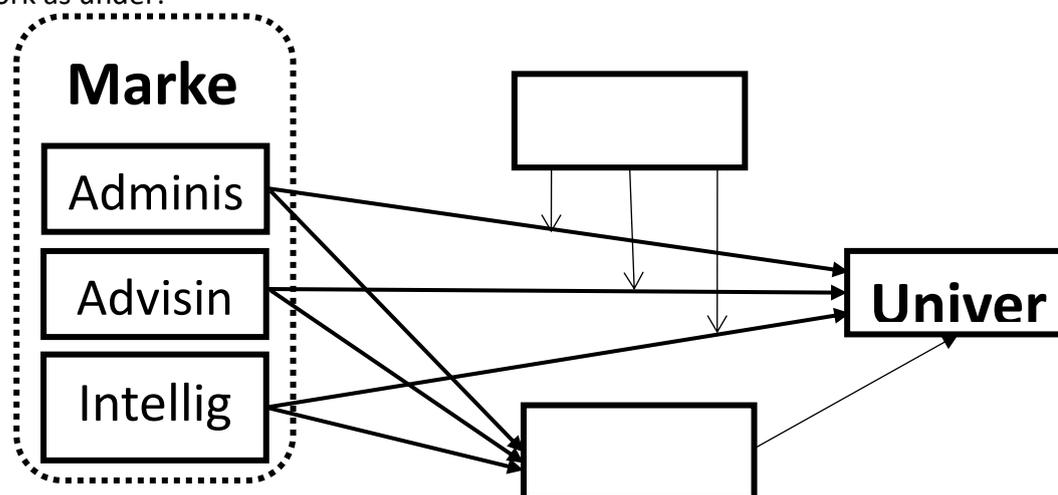


Figure 1 The Proposed Research Framework

Literature Review

In order to ascertain the significance of the proposed research framework, current study has the following research questions (RQs) to address through a detailed literature review:

RQ1: What is more apt operationalization of market orientation construct given in literature?

Literature on market orientation (MO) provides two of the well tested, theoretically comprehensive, mutually supporting and most widely used operationalizations of MO (Cadogan, Diamantopoulos & Mortanges, 1999) alongwith their respective tools labeled as MARKOR (Kohli & Jaworski, 1990) and MKTOR (Narver & Slater, 1990). MO being a cultural phenomenon as attributed to Narver and Slater (1990) with its three components “customer orientation; competitor orientation; and interfunctional coordination” tap a similar domain endorsed by Kohli and Jaworski (1990) as “intelligence generation, dissemination, and responsiveness” (Cadogan & Diamantopoulos, 1995; Cadogan et al., 1999).

However some later studies have questioned the contextual legitimacy of the given measurement of MO (Niculescu et al., 2013; Hampton, 2007; Siguaw & Diamantopoulos, 1995) as discussed in more detail throughout later sections.

RQ2: Is there any context specific operationalization of market orientation construct available for Higher education sector?

Khuwaja et al., (2015) and Niculescu et al., (2013) affirm that the literature fell short of any context specific operationalization/measurement of market orientation (MO) in universities. The earlier mentioned MARKOR (Kohli & Jaworski, 1990) and MKTOR (Narver & Slater, 1990) typically developed in the context of business settings (Niculescu et al., 2013) have remained the basis for a number of further refined and cross-sectionally used measures of MO in education sector such as the internal/external MO tested Saudi Arabia (Algarni & Talib, 2014);

Individual market orientation (IMO) in Portugal (Felgueira & Rodrigues, 2013); customer-defined market orientation–CDMO in Malaysia (Hashim et al., 2011; Akinyele, 2010); university market orientation–UMO in Spain (Rivera-Camino, & Ayala, 2010); the multiple constituency market orientation in Croatian and European universities (DiAConu, & PANDEIICă, 2012; Pavičić, Alfirević, & Mihanović, 2009); service market orientation–SERVEMO in Malaysia (Voon, 2008); nonprofit market orientation–NMO in China (Deng & Hu, 2008); proactive market orientation–MOPRO and responsive market orientation–MORTN in USA (Narver et al., 2004); market orientation in public sector–MARKOR in Australia (Caruana et al., 1998, 1999).

Hence Hampton, (2007) and Niculescu et al., (2013) recognized the need for a more context specific tool for measuring MO in universities because unlike business enterprises, the university activities are related to and heavily dependent upon a knowledge-based culture (Zebal & Goodwin, 2012). Therefore based on earlier MO and customer orientation literature (Brady & Cornin, 2001; Caruana et al., 1998, 1999; Kohli et al., 1993; Saxe & Weitz, 1982), Hampton (2007) developed and validated a more context specific tool labeled as UNIVERSITY-MARKOR (Khuwaja et al., 2015; Niculescu et al., 2013). Hence this concludes that a more context specific measure of MO can be found in literature.

RQ3: Is there any evidence for a positive relationship between market orientation and university performance?

Numerous authors since late sixties (Kotler & Levy 1969a, 1969b; Kohly & Jaworski, 1990) till recent literature (Khuwaja, et al., 2015; Algarni & Talib, 2014; Niculescu et al., 2013; Hashim et al., 2011; Hampton, et al., 2009) have discussed and demonstrated applicability of market orientation (MO) to higher education, yet the empirical research in the field of MO has not addressed its applications to universities to a satisfactory extent (Algarni & Talib, 2014; Niculescu et al., 2013; Hashim et al., 2011; Hampton, et al., 2009; Duque-Zuluaga & Schneider, 2008).

Koris and Nokelainen, (2015) state that every organization to be successful, needs to be service oriented for its customers, irrespective of its size and industry, including universities. Keeping in view the practical problems of the universities (Alexander, & Yuriy, 2015; Nayyar, 2012; Altbach, & Selvaratnam, 2012; Amey, 2006; Bryman, 2007; Task Force on Higher Education, 2000), MO appears an effective phenomenon for universities to stay viable (Algarni & Talib, 2014; Niculescu, et al., 2013; Hashim et al., 2011; Mitra, 2009). Hence for attracting more competitive students, faculty, staff and other nonfinancial as well as financial resources, universities need to adopt principles of marketing and other strategic management approaches like any other business entity to ensure their regular survival and growth (Behdioğlu, & Şener, 2014; Zebal & Goodwin, 2012; Hashim et al., 2011; Drucker, 1989). Algarni and Talib (2014) considers MO as an effective approach for executing the marketing concept in the universities. While the theoretical perspectives of pertinent literature on MO also support the positive impact of MO on the university performance (UP) from different points of view as explained in previous section.

Please refer Table 1 for further review of past studies conducted/published in different countries that substantiate the given MO–UP relationship.

RQ4: What is the validity of available tools to measure the market orientation–performance relationship in the context of higher education?

By testing market orientation (MO) in universities, Niculescu et al., (2013) compared: UNIVERSITY MARKOR (Hampton, 2007) with the most popular MO scales, MARKOR (Kohli &

Jaworski, 1990) and MKTOR (Narver & Slater, 1990). They found that the MARKOR and MKTOR could not provide enough discriminant validity, but only UNIVERSITY MARKOR did. Even the reliability of the UNIVERSITY MARKOR appeared to be the maximum with a Cronbach's alpha value of $\alpha = 0.90$ compared to $\alpha = 0.76$ and $\alpha = 0.89$ for MARKOR and MKTOR respectively.

Khuwaja (2016) tested the validity for all the measurement constructs of UNIVERSITY MARKOR in higher education and reported a high level of internal consistency reliability through the average variance extracted and composite reliability to be above 0.5 (*refer* Fornell & Larcker, 1981) and 0.7 (*refer* Hair, Ringle & Sarstedt, 2011; Bagozzi & Yi, 1988) respectively. While reporting the discriminant validity of the tool, Khuwaja (2016) found all the values for the squared root of respective AVE values to be above the correlations among all latent variables (Fornell & Larcker, 1981).

Table 1: Review of past studies on Market Orientation in Higher education

Study	Tool	Method / Sample	Country
Koris and Nokelainen (2015)	SCOQ (Student-customer market orientation)	Survey from 300 students	Estonia
Khuwaja et al. (2015)	UNIVERSITY-MARKOR (University market orientation)	A conceptual study	Pakistan
Algarni and Talib (2014)	INMO and EXMO (internal and external market orientation)	Meta-analysis / Literature review	Saudi Arabia
Mainaides, Raposo and Alves (2014)	MO for multiple university-stakeholders	Literature review debate	Portugal
Niculescu et al. (2013)	UNIVERSITY-MARKOR (University market orientation)	Survey from 300 faculty members	USA
Bellei and Cabalin (2013)	MO (Market orientation)	A case study of Chile	Chile
Felgueira and Rodrigues (2013)	IMO (Individual market orientation)	Survey from teachers/researchers in public higher education institutions	Portugal
Zebal & Goodwin (2012)	Refined MKTOR (Market orientation)	Survey from 134 faculty members of the 15 private universities	Bangladesh
DiAConu and PANDEIICă (2012)	MCMO (multiple constituency market orientation)	Methodological study based on an extensive bibliographic research	Romania
Carlos and Rodrigues (2012)	IMO (Individual market orientation)	Country wide Survey from 86 professors.	Portugal
Hashim et al. (2011)	CDMO (Customer-defined market orientation)	Survey from 300 university students	Malaysia
Akinyele (2010)	CDMO (Customer-defined market orientation)	Survey from 300 university students	Nigeria

Rivera-Camino and Ayala (2010)	UMO (university market orientation)	University professors and researchers	Spain
Pavičić et al. (2009)	MCMO (multiple constituency market orientation)	Survey from faculties of 60 higher education institutions	Croatia
Hampton et al. (2009)	MARKOR (Market orientation)	Survey from 120 university professors	USA
Voon, (2008) and Boo (2006)	SERVEMO (service market orientation)	Survey from 588 senior students of four public/private institutions	Malaysia
Duque-Zuluaga and Schneider (2008)	Conceptual Framework Proposed	A conceptual study	Europe
Deng and Hu, (2008)	NMO (nonprofit market orientation)	223 Non profit organizations	China
Caruana et al. (1999)	MARKOR (market orientation)	502 HoDs of Public sector organizations/universities	Australia & NewZealand
Buchbinder (1993)	MO for Universities	Conceptual proposition	Canada

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RQ5: Is market orientation necessary for every organization?

Menguc and Auh, (2006) state that the market orientation (MO) is not always the performance booster to every organization. Jaworski and Kohli, (1993) declare that allocating resources to MO may be extravagant if it doesn't bring in a higher level performance in particular circumstances such as being an internally driven phenomenon, MO doesn't accommodate small firms driven by external forces like competitive intensity. Similarly in case of healthcare firms the product oriented professionals find themselves in conflict with MO (Kotler, 2009; Jaworski & Kohli, 1993; Hampton, 1992).

MO of traditional manager/employee focused organizations remains myopic because it neglects customers' fundamental role in value creation (Hashim et al., 2011; Webb et al., 2000; Desphandé, Moorman, & Zaltman, 1993). This argument becomes particularly applicable to universities where academic programs are condemned of being inconsistent with ground realities about students/markets (Zebal & Goodwin, 2012; Hashim et al., 2011).

RQ6: Do the universities in Pakistan really need market orientation?

Due to the earlier mentioned problems the universities in Pakistan are lacking their capability to respond to the changing market needs and attracting competent students, faculty, researchers, employers, and a number of financial as well as non financial resources, eventually disabling them to serve their society as a whole (Khuwaja, et al., 2015; Aziz, et al., 2014; Asgar, 2013; Rasool, 2014; Shah, 2013; Malik, et al., 2012; Nayyar, 2012; Akhtar & Kalsoom, 2012; Bilal & Imran, 2012; Haider, 2008). MO turnout to be a viable approach for universities in Pakistan to raise their capability to satisfy multiple constituencies in order to gain an ultimate self sustainability (Khuwaja, 2016; Niculescu et al., 2013; Hashim et al., 2011; Hampton, et al., 2009; Hampton, 2007; Rivera-Camino & Ayala, 2010).

RQ7: Is there some evidence available for any previous research conducted in Pakistan on the relationship between market orientation–performance relationship? More specifically for universities.

Although marketing literature has been highlighting the importance of market orientation (MO) since 1950, after Drucker (1954) stated that the basic purpose of any organization is to establish satisfied customers. But unfortunately due to a lack of research culture in Pakistan the literature on MO is quite negligible (Khuwaja et al., 2015; Zaman, Javaid, Arshad, & Bibi, 2012 ; Ghani & Mahmood, 2011; Malik & Naeem, 2009).

Thus unfortunately to the best effort of author, only two studies showed up from the literature of market orientation studied in Pakistan but in diversified business industries rather than education sector (*refer* Ghani & Mahmood, 2011; Malik & Naeem, 2009). This situation provides a plenty of research gap in the literature of market orientation, necessitating the diverse studies to be conducted for assessing the applicability of market orientation in Pakistan (Khuwaja et al., 2015)

So for as the study of MO in universities of Pakistan is concerned, there are no such effective research initiatives noticed in literature besides Khuwaja, et al. (2015) which is also limited to the scope of public sector universities , necessitating this study under consideration. This state of affairs thus necessitates the episodes of such studies to take place in the context of higher education of Pakistan (Khuwaja et al., 2015, Recent interviews, 2016).

RQ8: Does the relationship between market orientation and university performance need to be tested directly or through some sort of mediation/moderation?

Although since last thirty years a plenty of evidences drawn from the relevant literature discussed in previous sections reveals a significant and a positive relationship between market orientation (MO) and organizational performance (Young-Jones, et al., 2013; Schroeder, 2012; Rosing, Frese, & Bausch, 2011; Greenley & Matcham, 1986), yet the pertinent studies conducted in the not-for-profit sector show a high deviation in the said relationship to be insignificant or non-existent or even negative (Shoham, Ruvio, Vigoda-Gadot, & Schwabsky, 2006; Berthon, Hulbert, and Pitt, 1999; Christensen & Bower, 1996; Frosch, 1996; Macdonald, 1995).

Such an existence of discrepancies and discordant findings may necessitate the measurement of the relationship of interest to be tested in support of some mediating/moderating phenomenon (Algarny & Talib, 2014; Khuwaja et al., 2015)

RQ9: Which particular theory/theories can be traced in literature to best underpin the proposed research framework in the context of higher education in Pakistan?

A theory is a sound explanation about why certain procedures, events, symphonies and verdicts take place (Crossan, Lane & White, 1999; Vera & Crossan, 2004). Following are the major theories established from literature for underpinning current study through given theoretical framework.

- ***Theory of Resource-Based View (RBT), Organizational Learning Theory (OLT) and Multiple Constituency Theory (MCT): The underpinning phenomenon***

The fundamental underpinning theory for this study is the Resource-Based theory (RBT) as recognized since middle of the last century (Penrose, 1959; Rubin, 1973; Mintzberg, Raisinghani & Theoret, 1976; Day & Wensley, 1983; Wernerfelt, 1984; Barney, 1991; Day 1994; Hunt & Morgan 1995; Niculescu et al., 2013; Algarny & Talib, 2014; Khuwaja, et al., 2015). It suggests that the organizational performance (OP) stands on its valuable, rare, inimitable and non-substitutable (VRIN) resources. Market orientation (MO) is also recognized as such a resource (Khuwaja, 2016; Khuwaja, et al., 2015; Day 1994; Hunt & Morgan 1995). Market oriented entities including universities can win competitive advantage over their counterparts because MO enhances their ability to create superior value for customers. (Ma & Todorovic, 2011; Menguc & Auh, 2006; Morgan & Strong, 1998). It is however imperative to discern that theory of RBT has also sought some criticism for being tautological in nature (Connor, 1991). But Hult et al., (2005) and Ketchen, Hult, and Slater (2007) declined Connor's critique by arguing that yes although performance might not always be directly related to resources, yet a firm's ability to synergize various resources would determine its level of performance (Ketchen et al., 2007).

Critique on RBT (Connor, 1991) however may demand for some alternate theory from literature, like organizational learning theory (OLT) (Aragón-Correa, García-Morales, & Cordón-Pozo, 2007; Nonaka & Takeuchi, 1995; Sullivan & Nonaka, 1986; Crossan et al., 1999) and multiple constituency theory (MCT) (Pavičić et al., 2009; Padanyi, & Gainer, 2004), to be opted as complimentary underpinning theory for MO-OP relationship model. Due to the knowledge based structure of universities, OLT appears quite useful, particularly in case of testing the given model through some mediation/moderation asserted from literature (Aragón-Correa et al., 2007; Khuwaja, et al., 2015); whereas MCT may appear to be more authentic for the research particularly conducted in the organizations with multiple stakeholders such as universities because such organizations need to develop separate strategies to satisfy their diversified constituencies (Pavičić et al., 2009; Padanyi, & Gainer, 2004).

Hence for this sort of study RBT is a keystone theory that provides a strong underpinning to the given theoretical framework. OLT and MCT on the other hand turn out to augment RBT to further support the assessment of proposed MO-Performance relationship in the higher education context of Pakistan.

Conclusion

This study concludes that despite abundant research conducted for market orientation (MO) into multiple countries within multiple contexts, this important area 'regarding the determinants, properties and power of MO' is yet left relatively under researched, especially in developing countries. Thus it seeks a plenty of research attention with a precise focus on higher education (HE) to bridge the specified knowledge gap in the pertinent literature. While

in particular case of HE sector of Pakistan, it is quite evident that despite being at the lowest performance denominator for last few decades, the universities of Pakistan have been highly deprived of such a powerful tool like MO to trigger higher performance.

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