Market orientation and performance in private universities

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Abstract

Purpose – The purpose of the study is to explore the market orientation of the private universities in Bangladesh. The study further aims to investigate the relationships between market orientation and business performance.

Design/methodology/approach – Data for this study were collected from the faculty members of business and non-business schools of the 15 private universities in Bangladesh. A total number of 314 faculty members were interviewed with a structured questionnaire. Reliability, convergent and discriminant validity issues of the data were assessed and outcomes of these confirm the reliability and validity for the data used for the study.

Findings – Direct entry regression was used in order to identify the relationships between market orientation and its performance. Four performance measures – student growth, market share, teaching and service quality – and overall performance were used to investigate their relationships with market orientation. All four measures were found to be statistically significant and positively related to the market orientation of the private universities in Bangladesh.

Originality/value – The findings of the study support the theoretical arguments that the universities can be successful in attaining their business performances by initiating and adopting market oriented activities. The study further argues why it is so critical for a private university to be market oriented and how this market orientation can be attained.

Keywords Market orientation, Private university, Performance, Universities, Bangladesh

Paper type Research paper

Introduction

Although there is extensive commentary about the relationship between market orientation and performance (Dawes, 2000; Shoham *et al.*, 2005; Kirca *et al.*, 2005) in companies, it is only recently that the role of market orientation in the tertiary sector has received attention. Even so, the focus has been almost solely on public universities (Caruana *et al.*, 1998; Flavian and Lozano, 2006; Hampton *et al.*, 2009) and business schools (Webster and Hammond, 2008). There has been little or no research on the role of market orientation in private universities.

There are major structural and market differences between public and private universities. First, public universities are largely government funded while the income for private universities is sourced from endowments and student related fees. There is rarely a contribution from government. Second, in some countries there are considerable differences in structure and processes (Sampaio, 1991; Gago, 1994). Third,

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there is evidence that many students apply for admission to private universities because they have been unable to gain admission at a public university (Cabrito, 2004). Fourth, for private universities ultimate survival is dependent on successful student enrolments and the subsequent retention of those students (Ferreira and Hill, 2007). Fifth, there is tension in the public university values and objectives as compared to those of a private university (Breneman *et al.*, 2006). Sixth, Breneman *et al.* (2006) also argued that each has a distinct niche in the market even though there is some overlap. Given these differences, it is now timely that the role of market orientation in private universities be assessed. It is the intention of this paper to contribute to this discussion.

In many countries the introduction of private universities is a recent event, which has occurred because the demand for places in public universities significantly exceeds supply (Flavian and Lozano, 2006). While society has traditionally viewed the funding of universities as being the responsibility of government, a change in viewpoint has necessarily occurred given the ongoing constraints of government budgets in many countries. Continual global population expansion has also contributed to the level of demand occurring.

With the advent of private universities, risk has been introduced into the tertiary sector. While universities were historically funded by government, other capital sources had to be used if private universities were to be established. This introduced the possibility that universities could financially fail. With this risk, private universities are arguably more motivated to adopt market related strategies such as a market orientation focus. This study examines the relationship between market orientation in private universities and performance outcomes and hypothesizes that there will be a positive relationship between the two. Thus, should a private university not be market orientated, performance will be lower therefore increasing the risk of failure or putting student completions at risk.

The paper proceeds as follows. The next section provides the theoretical justification for the study. Outcome expectations are outlined in this section. The following section outlines the measurement of the variables included in the model. It also provides information about the research setting and sample. The results, conclusions, and the implications are then discussed.

Theoretical development

Market orientation

Over the last two decades there has been considerable research undertaken on market orientation. In early research, market orientation was conceptualised in a number of ways. Shapiro (1988) conceptualised market orientation as an organisational decision-making process starts with the collection of market related information and ultimately proceeding to a decision making process regarding the information collected. Kohli and Jaworski (1990) viewed market orientation as a mixture of three activities. First, market information is gathered that is relevant to the current and future needs of the customer. Second, that information is then disseminated within the organisation. Third, the organisation then responds to the information with the selection of target markets. Having a market orientation was seen as the responsibility of all parts of the organisation. Narver and Slater (1990) defined market orientation as the organisational culture that best motivates the necessary behaviours for the creation of superior value for buyers. As a result, this orientation creates continuous superior performance for the organisation. Ruekert (1992) then defined market orientation as the degree to which a strategic business unit obtains and uses information regarding its customers. That business then develops a strategy embracing that information and then implements that strategy for meeting those defined needs and wants. Deshpande *et al.* (1993) proposed that, in order to develop a long-term profitable venture, a company should put the customers' interest first but not at the exclusion of the interests of other stakeholders.

Although these researchers contributed their own conceptualisation of market research, some commonalities can be drawn. These are outlined in Table I.

As can be seen in Table I, there is broad agreement on four elements among the five perspectives that constitute market orientation. These common elements are:

(1) customer orientation;

(2) information gathering;

(3) inter-functional coordination of marketing activities; and

(4) responsiveness to customers.

A key element of market orientation is focussing on the interests of customers. Customer orientation involves three strategies:

(1) understanding and being committed to customers;

(2) creating superior value for customers; and

(3) the encouragement of customers' comments and complaints.

While Capon *et al.* (1991) noted that a customer emphasis is essential but difficult to sustain, if it is not sustained the organisation runs the risk of losing customers to competitors. In order to prevent this, organisations need to systematically research the current and perceived future needs of customers. This is done with a purpose of sustaining the organisation through meeting the needs of customers that add value to the business. If superior value is created for customers, maximum product satisfaction will also be provided (Narver and Slater, 1990). Miller and Layton (2001) defined value as the ratio of perceived benefits to price and any other incurred costs. This means that, when offering a product, a company should be sure the price of the product at least matches the perceived benefits of the product if positive customer behaviour towards the company is to be an outcome (Soderlund, 1998). Finally, customer comments and complaints should be encouraged because they help corporate self-assessment of market related activities to occur. Deng and Dart (1994) suggested that this self-assessment process is critical for ongoing success.

In order for a company to serve the market better than its competitors, information regarding the existing and perceived future needs and wants of customers needs to be collected. Gounaris and Avlonitis (2001) suggested that, with this information available, a company-wide mobilisation to satisfy customers' needs and wants should follow. Such a strategy underpins the development of market orientation in organisations (Narver and Slater, 1989; Kohli and Jaworski, 1990; Slater and Narver, 1994).

Responding effectively to a market need requires participation and the coordination of all departments in an organisation (Ignacio *et al.*, 2002). Kohli and Jaworski (1990) also suggested that, for an organisation to adapt to market needs, market information must be communicated, disseminated, and perhaps even sold to relevant departments

Table I.
Similarities on the key characteristics of the five leading market orientation perspectives

		Market orientation perspectives		
Decision making perspective (Shapiro, 1988)	Market information perspective (Kohli and Jaworski, 1990)	Culturally based perspective (Narver and Slater, 1990)	Strategic orientation perspective (Ruekert, 1992)	Customer orientation perspective (Deshpande *et al.*, 1993)
Customer orientation (a) Markets and customers must be understood. A company can be market-oriented only if it completely understands: its markets and customers; the decision-makers who decide whether to buy its product and/or services; and the intermediaries including wholesalers, retailers and other parts of the distribution channel who may also influence customer choices	*Customer orientation* (a) Effective market information not only involves customers' current needs but also their future needs, so it should go beyond the verbalised needs and preferences of customers	*Customer orientation* (a) There must be a sufficient understanding of target buyers to be able to create continuous superior value for them (Narver and Slater, 1990) (b) A seller must understand a buyer's entire value chain (Day and Wensley, 1988) today and in the future subject to internal and market dynamics (c) A company must create value by increasing benefits to its buyers or customers while decreasing their costs (Narver and Slater, 1990)	*Customer orientation* (a) The most critical aspect of the external environment in developing a market orientation is the customer. Hence, the needs and wants of the customer should be investigated on a regular basis	*Customer orientation* (a) Kotler's (1991) definition of the market as 'the set of all present and potential customers of an organisation' is utilised and market orientation is viewed as being synonymous with customer orientation (b) Customer orientation is viewed as being part of the overall corporate culture whose values reinforce and perpetuate this focus, as in the culturally based behavioural perspective (Slater and Narver, 1995)

(*continued*)

Table I.

Decision making perspective (Shapiro, 1988)	Market information perspective (Kohli and Jaworski, 1990)	Market orientation perspectives Culturally based perspective (Narver and Slater, 1990)	Strategic orientation perspective (Ruekert, 1992)	Customer orientation perspective (Deshpande *et al.*, 1993)
*Information gathe*ring (a) Strength and weaknesses of competitors must be understood. Although competitors have not been included, it is recognised that understanding the strengths and weaknesses of competitors is a part of being a market-oriented organisation. Thus, a market-oriented company should consider the competitors and collect and organisation information regarding competitors accordingly	*Information gathering* (a)The generation of market information relies on both formal and informal mechanisms such as customer surveys, meetings and discussions with customers and trade partners, analysis of sales reports, and formal market research (b) Market information also includes monitoring competitors' actions and their effect on customer preferences as well as analysing the effect of other factors such as government regulation, technology and environmental forces (c) Information generation is not the exclusive responsibility of the marketing department. Therefore, all the functional departments in the company such as R&D, manufacturing and finance, production and engineering should also obtain information regarding customers and competitors	*Information gathering* (a) A company must acquire information about customers or buyers in the target market and disseminate it throughout the company (Kohli and Jaworski, 1990) (b) A company must understand the economic and political constraints at all levels within the channel (Narver and Slater, 1990) (c) A company must understand the short-term strengths and weaknesses and long-term strategies and abilities of both the current and potential competitors (Porter, 1980; 1985; Aaker, 1988; Day and Wensley, 1988) (d) Competitor orientation must parallel customer orientation in information gathering and include a thorough analysis of the competitors' technological capabilities in order to assess their ability to satisfy the same buyers (Levitt, 1960) (e) The coordinated integration of the company's resources in creating superior value for buyers must be tied closely to both customer and competitor orientation (Narver and Slater, 1990)	*Information gathering* (a) The approach recommends managers to collect and interpret information from the external environment in order to set goals and objectives and to allocate resources to programs in the business unit on the basis of what is needed for each program to succeed	*Information gathering* (a) The set of values and beliefs that consistently reinforce customer focus should be considered, as without considering these values and beliefs information about the needs of actual and potential customers is useless (b) In this perspective it is argued that a competitor orientation can be almost antithetical to a customer orientation and thus, excludes the competitor focus from the market orientation concept

(*continued*)

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		Market orientation perspectives		
Decision making perspective (Shapiro, 1988)	Market information perspective (Kohli and Jaworski, 1990)	Culturally based perspective (Narver and Slater, 1990)	Strategic orientation perspective (Ruekert, 1992)	Customer orientation perspective (Deshpande *et al.*, 1993)
*Inter-functional coordina*tion (a) Information needs to permeate into every corporate function. This includes all information that is generated regarding the markets, customers, trade partners and decision makers by various means such as market research reports, taped customer responses, industry sales analysis and trade show visits	*Inter-functional coordination* (a) A system for the effective communication and dissemination of the collected information to all parts of the organisation should be set up (b) This dissemination and communication of information is important as it provides a shared basis for concerted actions by the different departments of the company	*Inter-functional coordination* (a) In developing effective inter-functional coordination, marketing or any other suggested department must be extremely sensitive and responsive to the perceptions and needs of all other departments in the company (Anderson and Sullivan, 1993) (b) If a company lacks proper inter-functional coordination, it must endeavour to develop it by emphasising the advantages each area offers to the others through close cooperation	*Inter-functional coordination* (a) This perspective focuses on the business unit in an organisation (identifying market orientation in each unit of an organisation) rather than the whole organisation or individual market as the unit of analysis	*Inter-functional coordination* (a) It is acknowledged that inter-functional coordination is consistent with customer orientation and should be part of its meaning. This concurred with Narver and Slater (1990) and Kohli and Jaworski (1990), who stated that the essence of customer orientation is the coordinated utilisation of company resources in creating superior value for target customers

(*continued*)

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		Market orientation perspectives		
Decision making perspective (Shapiro, 1988)	Market information perspective (Kohli and Jaworski, 1990)	Culturally based perspective (Narver and Slater, 1990)	Strategic orientation perspective (Ruekert, 1992)	Customer orientation perspective (Deshpande *et al.*, 1993)
Responsiveness to customers (a) Ability to make strategic and tactical decisions is important. A market or customer oriented company must be able to make strategic and tactical decisions inter-functionally and inter-divisionally in spite of any potentially conflicting objectives that reflect differences in operational methods (b) There must be an open decision-making process. For a company to be a market driven, 'functions and divisions' must be willing to listen to each other and express ideas openly and honestly. Thus, in order to make wise decisions, the opinions and differences functions and divisions must be recognised and respected (c) Decisions must be well co-ordinated among the different divisions and functions of an organisation, and they must be executed with a sense of commitment. In a market-oriented company powerful internal coordination involving sharing of ideas and discussing alternative solutions leads to clear communication, stronger coordination, and high commitment, while poor coordination results in misuse of resources and failure to seize market opportunities	*Responsiveness to customers* (a) The company should respond according to market needs, for example according to collected and disseminated information. Responsiveness takes the form of selecting target markets, designing and offering product/services that cater to their current and anticipated needs, and producing, distributing, and promoting the products in a way that elicits favourable end-user response (b) Finally, as responding to market trends in a market-oriented company is not only the responsibility of the marketing department but of virtually all departments in the company, all the departments of the company should be well coordinated in order to be responsive to the market trends	*Responsiveness to customers* (a) A company must be coordinated in utilizing its resources in order to create superior value for the target customer. Thus, anyone in the organisation can potentially create value for the buyer (Porter, 1985). This means that creating value for buyers is much more than a marketing function (concurs with the findings of Kohli and Jaworski, 1990) (b) Given the multidimensional nature of creating superior value for customers, marketing's inter-dependencies with other business functions must be systematically incorporated into a business marketing strategy (Wind and Robertson, 1983)	*Responsiveness to customers* (a) This perspective emphasizes strategy development and implementation in responding to customer needs and wants (b) It also addresses the development of a plan of action or a customer focused strategy. It considers the degree to which the strategic planning process considers customer needs and wants and development of particular strategies to satisfy them (c) Finally the customer-oriented strategy is implemented and executed by the organisation to respond and take care of the needs and wants of the target market	*Responsiveness to customers*

Source: Adopted from Zebal and Roberts (2005) and individuals in the organisation. Information dissemination suggests that an organisation should share existing and anticipated information concerning customers' current and future needs. By encouraging participation of all departments and personnel in the sharing of information, effective information dissemination occurs (Wood and Bhuian, 1993). For organisations it is therefore critical that the appropriate corporate culture exists that encourages the dissemination process to occur.

The last element of market orientation is responsiveness to customers. Jaworski and Kohli (1993) defined the responsiveness component as being composed of two sets of activities, these being response design (e.g. using market information to develop plans), and response implementation (e.g. executing such plans). This means that responsiveness involves developing, designing, implementing, and altering products and services in response to customers' current and future needs.

Market orientation and performance relationship

The essential claim of the marketing literature is that the implementation of market orientation in an organisation will lead to superior business performance. While results have varied, these have occurred as an outcome of how organisational performance is defined, the construct of the measures, and the type of organisational contexts being investigated (Gainer and Padanyi, 2002). Three subsequent market orientation meta-analyses have confirmed the positive relationship between market orientation and performance (Cano *et al.*, 2004; Kirca *et al.*, 2005; Shoham *et al.*, 2005). These results have received further support in a meta-analysis undertaken by Grinstein (2008).

Qu (2009) argues that efforts to enhance market-oriented activities will not result an automatic increase of business performance until a market oriented corporate culture is embraced. Narver and Slater (1990) augmented this view, debating that strong market orientation within a business will enhance the effort to offer superior value to the buyers which will lead to an advantage over competitors and to better profitability.

The association with financial outcomes has, however, been a primary focus of research into the relationship between market orientation and performance outcomes. Not only has financial performance in terms of profitability been explored (e.g. Kirca *et al.*, 2005; Kumar, 2002; Dawes, 2000) but subsets such as sales and market share (Jaworski and Kohli, 1993; Kirca *et al.*, 2005). As has been consistently found there is a positive relationship between an organisation's financial performance and market orientation.

Positive customer responses have also been associated with the market orientation of organisations. Such responses can be categorised as customer satisfaction and customer retention (Doyle, 1995). As Doyle (1995) reasoned, when customers are satisfied with the value being provided in a product they are more likely to repurchase. Kohli and Jaworski (1990) also argued that market orientation is associated with satisfied customers who both recommend the product to other potential customers and keep repurchasing themselves. Market oriented firms are therefore expected to benefit in contrast to those not adopting this orientation.

Research methodology

Research setting

Data for this study were collected from 15 private universities in Bangladesh and from both business and non-business schools. This was done a structured questionnaire in face-to-face interviews. Of the 314 faculty members interviewed, 181 were from business and 133 from non-business schools.

The emergence of private universities in Bangladesh is a relatively recent event. The motivation for their licensing was the fact that public universities could no longer meet the demand for places in higher education. With a population of 160 million and growing, it was perceived that the problem faced would worsen rather than improve. It was in 1992 that the Private University Act was passed and the first universities licensed. While their creation was intended to assist meeting demand, in the early days after licensing the credibility of new private universities was severely questioned, as was their ability to educate at an acceptable academic standard. Now, 18 years later, 54 private universities have been licensed and they account annually for 30 per cent of the nation's enrolment in the university sector. While these universities compete for quality fee-paying students, history has shown that universities differ in terms of both market share and financial returns. It is expected that marketing activities would be at least partially associated with these outcomes as universities seek to compete for students (Hemsley-Brown and Oplatka, 2010). Thus, it is the intention of this paper to test the association between the market orientation of these private universities and their business performance.

Data for this study were collected from 15 private universities in Bangladesh and from both business and non-business schools. Three criteria were used to construct the sample. First, the nine private universities officially ranked by the University Grants Commission, Bangladesh (UGC) were included. Second, the remaining universities were ranked by the number of years they had been in operation. Third, universities were ranked by the number of students enrolled. The other six universities in the sample were included from the merged ranking for criteria two and three. In terms of the profile of these six universities, all had been in operation for at least five years and had a reasonably strong level of student enrolments.

The study required key information on market orientation to be collected. Faculty members were considered to be the key informers for this purpose. The faculty members available in the office were approached and interviewed in the spot. From the 15 universities, a total of 314 faculty members could be interviewed. Of these, 181 interviewees were from business faculties and 133 from non-business faculties. This mix of interviewees was determined to be consistent with the fact that, of these universities, 60 per cent of students are enrolled in business schools.

While the interview instrument was constructed from existing instruments (discussed later), it was pre-tested before the initial 50 interviews occurred. This pre-testing was undertaken with four university professors – two from business schools and the other two from non-business faculties. From the feedback received, minor adjustments were made to the initial instrument so as to facilitate ease of understanding. The first 50 interviews were then undertaken and the data collected was used to check the internal consistency of the variables included in the study for this research setting.

Measurement of variables

To measure market orientation, 24 items were included in the instrument. These items embraced the four elements of market orientation; these being:

(1) customer (student) orientation;

(2) information gathering;

(3) inter-functional coordination of marketing activities; and
(4) responsiveness to customers.

The customer (student) orientation was measured by a four-item scale adopted from Gray *et al.* (1998). This scale was used given it is considered a "pragmatic" measure of customer orientation which was formally developed from Narver and Slater's (1990) and Deng and Dart's eight-item scale. The remaining elements were measured using a 20-item scale adopted from Kohli *et al.* (1993). Of the 20 items, six items were used to measure information gathering, five to measure inter-functional coordination, and nine to measure responsiveness to customers. This scale was used considering its convergent, discriminant and nomological validity, together with its wide acceptance in the market orientation literature in both developed and developing countries (Pulendran *et al.*, 2000; Cervera *et al.*, 2001; Caruana *et al.*, 1998; Bhuian, 1997, 1998).

There were four measures of performance included in the study:

(1) overall performance;
(2) quality of teaching and services;
(3) student growth; and
(4) market share.

Of these measures, the first two were adapted from Bhuian (1992) while student growth was adapted from Douglas and Craig (1983). The market share measure was that used in Collins (1990).

Reliability and validity

The market orientation scale was assessed for both reliability and validity. First, the Cronbach alpha coefficient was used to assess the internal consistency of both the overall measure and the four elements within it. As can be seen in Table II, the Cronbach alpha coefficients for each ranged from 0.92 to 0.97, which indicates a high level of reliability (Churchill, 1991; Nunnally, 1988). Convergent validity of the measurers was then assessed by calculating the factor loadings, using exploratory

Variables	MO	CO	IG	IC	RE	Mean	Standard deviation
Overall Market orientation (MO)	*0.97*					4.06	0.82
Customer orientation (CO)	0.80	*0.97*				4.22	0.88
Information gathering (IG)	0.86	0.72	*0.92*			4.10	0.84
Inter-functional coordination (IC)	0.84	0.65	0.64	*0.93*		4.10	0.89
Responsiveness (RE)	0.90	0.60	0.68	0.70	*0.96*	3.95	1.05
Students growth in last five years (P1)						4.27	0.85
Market share in last five years (P2)						4.30	0.84
Teaching and service quality improvement in last five years (P3)						4.34	0.76
Overall performance in last five years (P4)						4.32	0.91

Notes: Italic diagonal entries are Cronbach's alpha coefficients and other diagonal entries are correlation coefficients. All correlation coefficients are significant ($p < 0.01$)

Table II. The evidence of discriminant validity, mean and standard deviation factor analysis with rotated component matrix. As shown in the Appendix, the estimated standard loading ranged from 0.60 to 0.88. These are above the commonly accepted minimum value of 0.50 (Teo and King, 1996). All loadings were significant at $p < 0.001$, which further confirms the convergent validity of the scale items used.

Discriminant validity of the measures was assessed consistent with Gaski (1986) and Jayanti and Burns (1998). This analysis technique involves correlating all the measures used as well as measuring the coefficient correlation against the alpha coefficients of the scales. As can be seen in Table II, no correlation coefficient was higher than the alpha coefficient of the scale. These outcomes confirm the discriminant validity of the scales used.

Difference between business and non-business respondents

Independent sample *t*-tests were used for the purpose of determining whether any significant differences existed between the respondents of business and non-business schools/departments. As the mean differences can be seen between the business and non-business respondents, this may be due to the fact of the differences in their way of interpreting market orientation. The results of *t*-tests however, indicate none of the variables (business or non-business) are significant ($p > 0.05$). This confirms that, for this study, there is no significant difference in outcome between business and non-business schools. This also suggests that the Bangladesh private university cultures and structures are persistent and the faculty members hold similar kind of values whether they are from business or non-business background. These results are displayed in Table III.

Results

Overall market orientation (MO) and performance relationship

As displayed in the Appendix, market orientation comprises 24 items in total. All 24 items were included in the instrument to measure the overall market orientation (MO) of the private universities in Bangladesh. Direct entry regression was used for the purpose of identifying the relationship between market orientation and performance items. The results of the identified relationships are shown in Table IV. As can be seen

Variables	Mean	Business standard deviation	*n*	Mean	Non-business Standard deviation	*n*	*t*-test	Sig.
Overall market orientation (MO)	4.16	0.68	181	3.80	0.92	133	1.27	0.10
Customer orientation (CO)	4.40	0.66	181	3.97	1.07	133	1.08	0.11
Information gathering (IG)	4.35	0.64	181	3.76	0.96	133	1.67	0.40
Inter-functional coordination (IC)	4.30	0.75	181	3.83	0.99	133	0.95	0.12
Responsiveness (RE)	4.11	0.95	181	3.73	1.15	133	0.36	0.90
Students growth (P1)	4.34	0.72	181	4.18	0.99	133	1.67	0.09
Market share (P2)	4.37	0.74	181	4.22	0.95	133	1.15	0.13
Teaching and service quality (P3)	4.34	0.74	181	4.35	0.78	133	-0.12	0.90
Overall performance (P4)	4.39	0.75	181	4.24	0.88	133	1.63	0.10

Note: *t*-tests were not significant ($p > 0.05$)

Table III. Test of significant difference between variables from business and non-business schools from the table, results indicate strong and statistically significant relationships between overall market orientation (MO) and all four performance items.

Discussion

This paper has examined the association of adopting a market orientation focus with key performance outcomes in a private university setting. The Appendix shows the items comprising the market orientation measure in such a setting. This measure embraces the four elements of orientation towards students, information gathering about students, coordination of marketing activities, and responsiveness towards students. When taken together, it was expected that if a private university was strongly orientated towards its students, strong performance outcomes could be expected. These performance outcomes were student growth, market share, quality of teaching and services, and overall performance.

The results confirmed these expectations. First, a strong student orientation was associated with strong growth in student numbers. While excellent marketing or selling strategies can drive such growth, customer satisfaction often sustains it through "word-of-mouth" advertising. Such informal marketing gives credibility to the formal marketing message. Further, the growth is more likely to be retained once students experience the orientation of the university. It is expected that student retention levels will also be higher than those of other universities having weaker levels of student orientation. Second, when a strong market orientation exists, not only is there an association with strong growth in student numbers but there is also an association with growth in market share. This means that the university is securing a stronger hold on the market even in times when the numbers of potential students are rising overall. Such an outcome not only has very positive financial implications but also conveys to the potential market that there is increasing certainty that the university a secure place to study, in terms of its future stability. Third, with careful attention being paid to the concern of students, there is a strong positive association with teaching outcomes and associated services. If faculty members understand that the students expect certain outcomes, such expectations are expected to guide subsequent deliveries but only so long as the university itself is orientated to considering such concerns. With higher teaching quality, it is also expected that students will more easily attain their educational objectives thus increasing the likelihood of positive word-of-mouth advertising. Fourth, market orientation was associated with an improvement in overall performance. This is to be expected when student growth and market share growth occur along with improvement in the quality of teaching and services. It is suggested that such an improvement in overall

Table IV.
Regression of market orientation with performance items

	P1	P2	P3	P4
R^2	0.435	0.363	0.259	0.284
Adj R^2	0.533	0.361	0.257	0.282
MO	0.659	0.603	0.509	0.533
	(15.493)*	(13.348)*	(10.448)*	(11.123)*

Note: The coefficients are reported as standardised beta values. *Significant at $p < 0.001$

performance would not be short-term but tending much more to the long-term, given the longer-term impact of the first three performance outcomes.

While the discussion has centred on the impact of a strong market orientation, equally, if a private university has a weak orientation towards the market, it is expected poor student growth will occur along with weak market share. This will be an outcome of lower teaching and service quality, lower levels of student retention, and lower word-of-mouth support for marketing endeavours. When this occurs, such a university will need to incur additional marketing expenditure, as compared to market orientated universities, if similar student numbers are to be achieved. Although universities having a less strong market orientation may financially survive in a strong economic environment, when such an environment reverses it is argued that these universities could suddenly become financially vulnerable if they have to self-fund their future. There is ample evidence of this in many countries as a result of the global financial crisis. Unfortunately, if an institution becomes financially vulnerable, it is ultimately the students who will bear significant consequences. Such consequences are often associated with lower service levels, poorer quality faculty being engaged to teach, increasingly poor morale on campus, and, at the worst, students being left with an incomplete program of study.

The outcomes in this study again reinforce the association between the four elements of market orientation and performance as found in previous market orientation research. Even so, the conceptualisation of market orientation in a private university setting does not absolutely parallel how market orientation has been conceptualised in some of the earlier studies. First, the customer orientation in this sector appears more aligned to the position proposed by Slater and Narver (1995). As they suggested, customer orientation should be viewed as a part of the overall corporate culture whose values reinforce customer orientation. This compares to other commentators who suggest customer orientation is more directly aligned with the needs, current and future, of the customer directly (Kohli and Jaworski, 1990) or the needs of those who ultimately influence the customer (Shapiro, 1988). Second, this study suggests that, for the private university sector, it is an appraisal of the current university environment that appears important when gathering information as compared to an analysis of the strengths and weaknesses of defined competitors. Information sought is likely to include an appraisal of any changing regulations, of significance, for the sector together with an analysis of wider competitor pressures that could be emerging. Such an orientation, for the gathering of information, is therefore more aligned to the strategic orientation perspective proposed by Ruekert (1992) as compared those of other researchers who suggested information should be gathered at the more micro-competitor and purchaser level (e.g. Shapiro, 1988; Kohli and Jaworski, 1990). Third, for inter-functional coordination it is the market orientation perspective suggested by Ruekert (1992) that best reflects how private universities coordinate between functions. In these institutions the primary emphasis is on the business unit, be it a faculty or a group of faculties, etc. Often, there is a divide between the administrative functions and those academic in universities and hence it is to be expected that this divide would also be reflected in this aspect of coordination. Fourth, responsiveness to customers in this sector appears to be a mix of a culturally based perspective (Narver and Slater, 1990) and that of a strategic orientation (Ruekert, 1992). In private universities value is created for the student or stakeholder across many dimensions and this level of responsiveness has to be consistent. A good understanding of the level and type of responsiveness is therefore required across all units. Once this is defined, it has to be defined in the form of a tactical plan of action at unit level so as to maximise the likelihood that consumer satisfaction will ultimately be maximised. In conclusion, the market orientation perspective of private universities in Bangladesh does not reconcile in all characteristics with any one of the previous leading marketing orientation perspectives. Rather, it is argued that it draws on individual characteristics of each of the culturally based perspective and the strategic orientation perspective.

The outcomes from this study suggest other potential research opportunities. First, if a private university has a strong market orientation what impact does this have on academic standards and especially so when there is a strong focus on financial performance? Second, with strong market orientation being pursued, is there an increased financial investment in wider student services that extend beyond the provision of academic services. If so, is there an association between this increased investment and market orientation? Third, while a strong market orientation is associated with performance outcomes, what strategies do private universities adopt to consolidate this orientation for the future? Fourth, in an economic downturn, how do private universities with a strong market orientation strategically react as compared to those with a weak orientation? To date, much or all of the market orientation literature has been conducted in a stable or strong economic environment but little is known of what changes are adopted by members of each constituency when a sharp economic reversal occurs either regionally or globally. Fifth, is there a relationship between the market orientation of universities and the retention of faculty? It could be argued it may be more likely that faculty with a strong orientation to teaching would be retained whilst it would be the opposite for those orientated to research.

The study does have limitations. First, it is a study undertaken at one point in time. Given the importance of the topic to performance, future research could be longitudinal so as to monitor and report the effect of changing policies, procedures, and economic conditions that private universities experience. Second, the data came from 15 private universities when 54 have been licensed in the country. Even so, given the cross section of institutions used, it is believed they are representative of the private university sector in that country. Third, the data were collected from only one country. It is argued, however, that while this is so, the private university sector in Bangladesh differs little in terms of the market and operating pressures that exist in other countries where such institutions are licensed. Fourth, although the faculty members were considered as key informers that formed the sample of this study, this consideration however excluded the other possible and critical key informers who might be viable in providing market-oriented related information.

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Further reading

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(The Appendix follows overleaf.)

Appendix

Items	Mean	Standard deviation	Factor loading
Market orientation (MO)			
1. In this school/department, we encourage students' comments and complaints because they help us do a better job	4.27	0.90	0.88
2. In this school/department, we have a strong commitment to our students	4.26	0.89	0.85
3. In this school/department, we are always looking at ways to create student value in our courses or services	4.17	0.95	0.70
4. In this school/department, we measure students' satisfaction on regular basis	4.18	0.94	0.69
5. In this school/department, we meet with students at least once a year to find out their future needs	4.23	0.99	0.73
6. In this school/department, we do a lot of in house research	3.92	1.07	0.71
7. In this school/department, we survey our students at least once a year to assess how they perceive the quality of our courses and services	4.19	0.91	0.72
8. In this school/department, we are slow to detect changes in our students' course preferences *R*	1.81	0.92	0.60
9. We are slow to detect fundamental shifts in tertiary education environment (e.g. competition, technology, regulation) *R*	1.96	1.05	0.80
10. We periodically review the likely effect of changes in tertiary education environment (e.g. regulation) on students	4.05	1.03	0.79
11. We have inter school/departmental meetings at least once a quarter to discuss market trends and developments	4.26	0.93	0.80
12. Academic staff in our school/department spends time discussing students' future needs with other staff from other schools/departments	4.15	0.91	0.73
13. Information on students' satisfaction are shared at all levels in this school/department on a regular basis	4.02	1.06	0.74
14. When one school/department finds out something important about competitors, it is slow to alert other schools/departments *R*	1.92	1.03	0.78
15. If anything important happens to a student or course, the whole school/department knows about it in a short period	4.03	1.13	0.72
16. It takes us forever to decide how to respond to our competitors' fee changes *R*	2.13	1.22	0.72
17. We periodically review our course development efforts to ensure that they are in line with what industry wants	3.80	1.35	0.78
18. For one reason or another we tend to ignore changes in our students' course or service needs *R*	2.14	1.24	0.78
19. When we find that students would like us to modify a course or service, the staff members involved make concerted efforts to do so	3.93	1.21	0.78
20. The activities of the different staff members in this school/department are well coordinated	4.12	1.11	0.82
21. In this school/department, we never respond to the students' complaints *R*	2.00	1.21	0.80
22. Even if we came up with a great new course initiative, we probably would not be able to implement it in a timely fashion *R*	2.13	1.31	0.68
23. If a major school/department were to launch an intensive campaign at our student market, we would implement a response immediately	3.99	1.16	0.70
24. Several head of schools/departments get together periodically to plan a response to changes taking place in our tertiary education	4.13	1.09	0.79

(*continued*)

Table AI.
Mean, standard deviation, and factor loading of the items used in the study

Items	Mean	Standard deviation	Factor loading
Performance			
P1. We have remarkable student growth in our school/department in the last five years	4.27	0.85	
P2. The market share of this school/department has gone up in the last five years	4.30	0.84	
P3. The quality of our teaching and services has improved in the last five years	4.34	0.76	
P4. The overall performance of this school/department has improved in the last five years	4.32	0.81	

Note: R = Reverse scored item

Table AI.

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