

DEVELOPING AND VALIDATING A STUDENT-  
PERCEIVED MARKET ORIENTATION SCALE IN  
HIGHER EDUCATION

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## **ABSTRACT**

Empirical research findings worldwide have shown that market orientation has its strategic importance for organizational excellence and competitiveness. Undoubtedly, developing a market-oriented organization for competitive success, though not easy, is deemed necessary. Besides, the voices of customer need to be taken into consideration to avoid market offering mismatch. Market orientation is crucial for the institutions of higher learning so as to produce graduates who are learned, competent and marketable.

The main objective of this study is to develop and validate a student-perceived market orientation scale in higher education. This survey research used the contextual market orientation dimensions and items from the customer's perspective and carried out a cross-national questionnaire survey for validating a student-perceived market orientation scale in the higher education setting. For the sake of better reliability and validity, the data were collected from the sophomores as they were believed to be the informed respondents. More than 600 usable questionnaires were analysed to assess the psychometric properties of the measure. The development data were the students' perceptions from various types of institutions of higher learning in Sarawak whereas the validation data came from selected students in Thailand. The reliability, validity and dimensionality of the measure were assessed through structural equation modeling the appropriate procedures applying the AMOS 5.0 software.

The study found that there were six perspectives for a student-perceived market orientation in higher education, namely: customer, competitor, inter-functional, performance, long-term and employee. The validated and refined 30-item construct was found to be reliable and valid as it has satisfactory psychometric properties. The overall measure and also each of the six identified and verified factors were positively related to service quality.

# **CHAPTER 1**

## **INTRODUCTION**

This chapter introduces the study undertaken for developing and validating a marketing instrument. It explains the background, objectives, significance and scope of the study. Finally, the definitions of key terms are also provided.

### **1.1 Background of the Study**

In recent years, the service sector has witnessed some extreme changes in the workplace. The advances in information technology, globalization and increasing customer as well as stakeholders' expectations have made the players in the services sector like higher education a very competitive industry. Customers are not only difficult to attract but also extremely challenging to be satisfied and retained. Only satisfied students will most probably be loyal (Voon, Nagarajah and Patricia, 2006). Service organizations have to resort to various innovative strategies and tactics to attract, satisfy or delight and keep their desired and profitable customers. For example, many service organizations including the institutions of higher learning have linked information technology advances with telecommunications to re-invent their customer service activities and sales via call and contact centres (Little and Dean, 2006). Efficiency-focused practices, organisational culture and service climate have been increasingly stressed to improve the capability to serve the target customers much better.

The higher education sector is one of the most competitive and much globalised service sectors. The sector has been much emphasized by the governments and private enterprises for social as well as profitability reasons respectively. For the governments, the social agendas will be prioritized. Higher education can be a critical socialization tool for building national identity, social harmony and political control; a human resource tool

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter presents a review of the literature relevant to this study. Marketing concept is reviewed followed by market orientation and customer perspective in market management. The literature review covers conceptualization, measurement issues and the selected empirical research findings. This chapter also aims to provide the background information to link a student-perceived market orientation and service quality in the context of higher education.

#### **2.1 Understanding The Marketing Concept**

Marketing is a key management function responsible for the specific customer knowledge as well as keeping the rest of the work organization informed about the customers and their expectation so that superior value is created and delivered. As marketing concept is mainly concerned on satisfying customers, it tends to ignore the creativity of the firm. According to Agarwal, Erramilli and Dev (2003), the concept assumes that the customers purchase what they need and requires marketers to perform no tricks to influence purchase. Customers are recognized as the most important people (Hennig-Thurau, 2004; Rahman, 2004; and Levenburg, 2005) and putting them first will be beneficial to the firms. In services, the presence of customers make it possible for service providers to perform services (Stauss, 2005).

Marketing is primarily based on the philosophy of 'marketing concept' (Perreault and McCarthy, 1996). Marketing concept is a strategic philosophy that emphasizes the fulfillment of customer needs and wants through the concerted or integrated efforts of all departments in an organization, for the sake of the organization's performance or profitability. Its central element is all about putting the interest of the customers or target market first in serving them well and profitably. However, many organisations are unable to implement the marketing concept properly in their daily activities (Boshoff, 2005).