MARKET ORIENTATION: IS THAT AN OPTION FOR SCHOOLS TO ADOPT?

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ABTRACT

The objective of the paper is to validate the concept of market orientation adapted from related literature and apply it into the academic institution. It also examines the effects of market orientation as a second order factor on student satisfaction in an academic setting. The revised scale validated through both EFA and CFA performs a good fit. The empirical results show that the degree to which students are satisfied with their choice of the school depends significantly on how market oriented the school is.

The sample was collected from two state universities in southern United States. There were 233 responses in total. Measurement scales were adapted from existing literature, market orientation (MO) from Matsuno, Mentzer, and Rent (2000) with 22 items and satisfaction from Oliver (1981) with 6 items. 4 items of MO scale were removed in EFA step due to low loading and cross loadings, leaving the MO scale 18 items divided into three factors: intelligence generation, intelligence dissemination, and responsiveness, with 7, 6, 5 items, respectively. These items were used for next step of analysis.

Analysis of measurement model showed unidimensionality of all three 1st order dimensions of the TMO scale. Additionally, the reliability coefficients (Cronbach's α) for each dimension were MIG = .79, MID = .76, MRE = .76. And the reliability for the whole 18 item scale was .84. After the results of measurement model showed adequate fit, the structural equation model was implemented with a purpose to evaluate predictive ability of the MO scale. Practically, it was completed by fitting the 2nd order market orientation scale (TMO) as the independent variable for satisfaction (TS -- the capital letter "T" implying total or overall) as a dependent variable. The structural parameter was estimated by AMOS and the overall model fit was estimated by fit indices. The fit statistics of the structural model was adequate ($\chi 2 = 478.56$, df = 248, NFI = 0.81, CFI = 0.90, RMSEA = 0.06). The results showed that the TMO was significantly and positively associated with student satisfaction (β value = .57, p = .001). Therefore, through this empirical analysis, the revised scale effectively represents an adequate antecedent of student

satisfaction. Furthermore, the MO-18 after the process of revising and refining items can be considered a good MO construct appropriately used in an academic environment.

CONCLUSIONS

Through a structured process of scale refinement and validation, the revised MO model improves substantially as opposed to the full model adapted from Matsuno, Mentzer and Rentz (2000). It produces better fit and the difference of chi square values between two models is statistically significant ($\Delta\chi2$ (74) = 262.091), proving the revised scale is superior to the original one, therefore better representing MO construct in the universities. This study succeeds in applying market orientation construct in a special service domain where all intelligence related activities are incorporated to address different aspects of market orientation in the academic environment.

One of the most significant implications of the current research study is that the extent to which a school is market oriented determines the extent to which students feel about their educational experience. It also further suggests that market orientation may be correlated to the university's performance because student satisfaction is one of measures of the performance. Other indications of university's performance could be student retention, university reputation – the measures that are beyond the scope of current study.

REFERENCES

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