

Market Orientation and Marketing Effectiveness in Select B-schools: Preliminary Results

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Abstract:*In the recent times, policy makers in higher education have increasingly emphasized the need for reformation particularly professionalization for transparency and accountability. In response to such calls, higher education institutions in general and B-schools in particular have started ensuring systems and processes in place. One such system which emphasizes is customer centric practice. The present study addresses such system using descriptive research design to examine the relationship between Market orientation, Marketing Effectiveness in select B-schools of twin city of Hyderabad and Secunderabad. Particularly this study reports preliminary results from a major study conducted on the same premises. 30 B-school faculty members have responded to the survey. The finding suggests that all the scale used to measure Market Orientation and Marketing Effectiveness are highly reliable. Further it is also found that marketing orientation is positively and significantly related to marketing effectiveness. Implications are drawn for future research and practices.*

Keywords: B-schools, Marketing, Market Orientation, Marketing Effectiveness

Introduction

The landscape of B-school education in India is changing dramatically over the past few years. Post liberalization, there is a mushroom growth in the number of B-school offering business education at different levels (Dayal Ishwar, 2006). Surprisingly last five years many institutes offering business management education have dropped their curtains down ((AICTE, 2014; The Times of India, 2015), owing to some explicit and implicit reason. Despite such fact, B-school education is still a premium choice for the graduates but for the institution it is become survival of the fittest. Also the ability to satisfy their stakeholders such as student, faculty and industry has increasingly become a Gordian knot to untie. Perhaps, such scenario of the business school has occurred due various systemic reasons. One of the seriously felt reasons is the lack of customer centric strategy. In any industry where there is more number of players competition will be dog-eat-dog. In such competition,

organization having customer centric strategies will be more successful in terms of customer acquisition and retention which in turn generates more revenue and growing market share. Same might be the case in business education scenario where some B-school were thriving and surviving. Some were closed. Most pertinently the reasons are structural and functional issues of these institutions besides, the professionalism among the administrators reflected in the nascent stage of their functional management practices in institutions where they are employed (Warren G. Bennis & James O'Toole, 2005). Most importantly the market orientation and marketing practices of these institutes need scrupulous regard.

Background and the Purpose

Having missed the bus of being most sought after B-school by the students, B-management of these B-school have started paying attention to the institutionalization of various management systems and processes. Along with many systems of management, marketing system of the B-schools has become a primary choice. Some have employed marketing consultants, and other have employed such professional on a full time basis. A few of them assigned such job to the department of marketing and to their faculty members employed therein. On the other hand, the management of B-schools across have increasingly expecting the return on investment in management systems and therefore, the effectiveness of the schools has become the buzzword for them. The faculty members and the non-teaching members of the B-schools are expected to work in tandem with each other creating a culture of marketing in general and a customer centric climate in specific. Besides, all are expected to ensure that such orientation is extended to not only the students, but also to the corporate executives and all other guests who keep visiting the school. In view of such demanding scenario, there is a need to understand the professional efforts made by B-schools. Such understanding can be made possible with the information obtained from the faculty members, non-teaching members, students and ofcourse the

corporate executives. In this paper, we have made attempt to present preliminary findings of a pilot study covering only faculty responses.

Here are basically two major concepts such as Market Orientation and Marketing Effectiveness have used and discussed in this study and also pondering on the theory related to their relationship in the below mention details.

Market Orientation: Marketing is one of the most misunderstood concepts in management. Most people believe it is selling and promotion. These are important aspects, but the central idea of marketing is matching the B-school's offerings with the wants and needs of customers (students, parents and corporates) in order to achieve the goals. It is recognized that all school market to a greater or lesser degree. There are basically three reasons why schools market: to increase or maintain enrolments; gain financial resources and other forms of support; and improve the B-school's reputation or image.

Marketing activities aimed at promoting the school include brochures, pamphlets, prospectus, newspaper advertisement, informative website, social media, direct mailing, hoardings, word of mouth, educational fairs, videos etc.

While most schools highlight quality education and excellence, an emerging marketing approach is to emphasize a distinctive feature, program or aspect of the school's educational program; for example, business analytics program or digital marketing program in B-schools may be given media exposure. Thus, schools need to do more than just conduct marketing activities which in a number of cases may not produce the expected results: B-

schools need to become 'market oriented.'

But increasing the range and level of sophistication of marketing activities and engaging in 'the trappings of marketing' does not guarantee that a school is market oriented. Research in industry is suggesting that while engaging in marketing activities may be important, 'market orientation' is a vital ingredient in determining an organization's success.

Market orientation is more than simply 'getting close to the customer.' An organization can be market oriented only if it completely understands its market. Customer information must go beyond research and promotional functions to permeate every organizational function.

Market orientation is generally regarded as the implementation of the 'marketing concept'. The marketing concept is a philosophy of doing business, which puts the customer's needs at the center of the organization. With respect to B-school, the marketing concept starts with the student's and corporate needs as the central function of school purpose. The school must identify these needs and then decide which ones it should try to satisfy and also concentrate closely on external environment like competitors and related information about their offering and marketing strategies. Everyone in the organization should focus on the positive experience of the customer and satisfaction.

Thus, market orientation is considered as a very comprehensive concept which includes marketing culture (Drysdale, L. 1999).

Table No-1 Definitions of Market Orientation

Shapiro (1988)	A company is market oriented if information related to all important buying influences goes to every functional department and any strategic and tactical decisions are made after the consultation with every functional division and also execute them with sense of commitment.
Deshpande & Webster (1989)	Market orientation is defined as an organization-level culture of attempting to put the customer first in business planning
Narver and Slater (1990)	Market orientation is defined as "the business culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for customers." Market orientation consists of three behavioral components – customer orientation, competitor orientation, and interfunctional co-ordination – and two decision criteria – long-term focus and profitability."
Ruekert (1992)	The degree of market orientation in a business unit is "the degree to which the business unit (1) obtains and uses information from customers; (2) develops a strategy which will meet customer needs; and (3) implements that strategy by being responsive to customer needs and wants."
Deshpande, Farley, and Webster (1993)	Customer or market orientation (as they see customer and market orientations as being synonymous) is "the set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise."

Day (1994b)	"Market orientation represents superior skills in understanding and satisfying customers."
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Marketing Effectiveness: Marketing effectiveness is the process where value is created using organization's resources for marketing activities and creation of competitive advantage. (Kotler, 1977) Marketing effectiveness claimed by an organization required strategic managers should recognize the primacy of studying the market, distinguishing many opportunities, selecting the best sections of the market to serve, and gearing up to offer superior value to the target market with respect to customer needs and wants. Webster in the year 1995 stated that managers required having adequate information for planning and allocating resources properly to different markets, products, territories and marketing tools to be considered as effective marketing. (Norburn et al. 1990) opined that companies with high degree of marketing effectiveness are close to consumers and established a common set of values which demonstrate external market orientation. (Nwokah & Ahiauzu, 2009), stated five driving factors of marketing effectiveness. These are:

1. Marketing strategy. Marketing effectiveness is a result of superior marketing strategy related to segmentation, targeting and positioning and all other marketing programs to gain edge over the competitors.
2. Marketing Creative. Innovation and creative concepts can help to improve results.
3. Marketing execution. Step by step execution at all levels and required changes time to time is important to gain higher degree of

effectiveness.

4. Marketing infrastructure. Management of agencies, budgeting, motivation, and coordination of marketing activities can lead to improved competitiveness and improved results.
5. Exogenous factors. Exogenous factors also influence marketing effectiveness, for example, seasons, climate etc. also have impact on sales and marketing.

Marketing effectiveness research evidences two schools of thoughts. The first school of thought stated the concept of marketing effectiveness and identifies its components. The other school of thought study marketing effectiveness metrics and examine its measures.

First viewpoint: This view was among the first, and it was developed by Philip Kotler (1977). He

mentioned that marketing effectiveness of a

company, division, or product line depends largely on a combination of five activities: Customer philosophy, Integrated marketing organization, Adequate marketing information, strategic orientation and operational efficiency. Kotler's marketing effectiveness and its components are outlined in table 3.

Table no 2: Kotler's marketing effectiveness model

Attributes	Components
Customer philosophy	<ul style="list-style-type: none"> • Management's commitment to market needs and wants • Market segmentation strategy
Integrated marketing organization	<ul style="list-style-type: none"> • Marketing integration and control • Synergy with other marketing units • New product process
Adequate marketing information	<ul style="list-style-type: none"> • Conduct of market research • Management knowledge of the market • Cost-effectiveness of marketing
Strategic orientation	<ul style="list-style-type: none"> • Extent of formal marketing planning • Quality of marketing strategy • Extent of contingency planning
Operational efficiency	<ul style="list-style-type: none"> • Top-down communication of marketing thinking • Effectiveness of marketing resources

Objectives of the Study

In view of the challenges of B-schools, the present research addresses the following objectives.

1. To assess the reliability of scales adapted to measure market orientation and Marketing effectiveness perceived by the faculty members of the B-school.
2. To study the relationship between two variable namely market orientation and marketing effectiveness responded by the B-school faculty.

Results and Discussion

In this section, the preliminary results of the major study on MO and ME are presented. Firstly the reliability results of the scales employed in this study are presented, followed by the examining of the relationships between MO and ME are presented.

Reliability Analysis

In my study two major instruments will be used to measure the variables individually and established relationships. The details of both the variables are given below in brief.

In order to measure market orientation, there are two most frequently used scales MARKOR and MKTOR. In this study, MKTOR Scale by Narver and Slater (1990) is adopted and modified to measure the market orientation of B-schools. This scale proposed three components of market orientation which are customer orientation, competitor orientation and inter-functional coordination. This modified scale is a 19- item, 5- point Likert scale. This scale includes, Customer Orientation referred as sufficient understanding of one's target buyers and also be able to create superior value for them continuously, here in this student is considered to be customer. Competitor orientation is referred as need of organization to keep its focus on competitors along with the customer needs; in these study competitors is the similar type of B-school offering business education. The analysis of competitors' long-term capabilities, strengths and weaknesses is a key factor in determining market orientation and culture. Inter-functional coordination is to create superior customer value there is a need of coordinating and integrating organization's resources. In B-school scenario various departments' coordination has been analyzed to provide superior value.

Coefficients of alpha are computed for each sub scale and the overall scale. The results of such analysis are presented in the table 3.

Table 3. Reliability Test for Market Orientation

Sl.No	Market Orientation Dimension	No.of Items	Alpha (a)
1	Customer Orientation	05	.89
2	Competitors Orientation	09	.87
3	Interfunctional Coordination	05	.89
4	Overall Market Orientation	19	.93

It is quite clear from the table that there are four sub-scales of MO namely, customer orientation, competitors orientation, interfunctional coordination and overall market orientation. The coefficients of alpha presented in the table suggest that all of these are highly reliable as evident from the coefficients. Thus, the scales to measure MO are highly internally consistent and therefore

reliable.

Marketing Effectiveness:

Marketing effectiveness is the quality of how marketers go to market with the goal of optimizing their spending to achieve good results for both the short-term and long-term. It is also related to Marketing ROI and Return

on Marketing Investment (ROMI).

To measure marketing effectiveness one of the widely used scale developed by Kotlar (1982) as 'effectiveness rating instrument' (ERI), have been modified and used in this study to examine whether the B-schools are pursuing its best opportunities with respect to markets and services. The ERI scale consists of 35 questions with five subscales in it. Each sub-dimension attempts to measure five 'marketing attributes'. These sub dimensions are customer philosophy(Management's commitment to market needs and wants, Market segmentation strategy, Holistic marketing approach), an integrated marketing organization (Marketing integration and control, Synergy with other marketing units), adequate marketing

information (Conduct of market research, Management knowledge of the market, Cost-effectiveness of marketing expenditure) , a strategic orientation (Extent of formal marketing planning, Quality of marketing strategy, Extent of contingency planning) and operational efficiency (Top-down communication of marketing thinking, Effectiveness of marketing resources, Responsiveness to uncertainties) . Each of the five factors will have scoring and sum of all the five factors score attributed to marketing effectiveness.

Coefficients of alpha are computed for each sub scale and the overall scale. The results of such analysis are presented in the table 4.

Table 4: Reliability Test for Marketing Effectiveness.

Sl.No	Marketing Effectiveness Dimension	No.of Items	Alpha (a)
1	User Philosophy	09	.83
2	Integrated Marketing Organization	12	.85
3	Marketing Information	04	.78
4	Strategic Orientation	03	.85
5	Operational Efficiency	08	.78
6	Overall Marketing Effectiveness	35	.78

It is clear from the above table 4 that there are six sub-scales of ME namely, user philosophy, integrated marketing organization, marketing information, strategic orientation, operational efficiency and overall marketing effectiveness. The coefficients of alpha presented in the table suggest that all of these are highly reliable as evident from the coefficients. Thus, the scales to measure MO are highly consistent and therefore reliable.

Analysis of Relationships between MO and ME

It was decided to examine the relationships between MO and ME. The composite score obtained for all the subscales of MO and ME are correlated. Results relating to their intercorrelations are presented in the table 5.

Table 3. Relationship between Market Orientation and Marketing Effectiveness.

	Customer Orientation	Competition Orientation	Interfunctional Coordination	Overall Market Orientation	User Philosophy	Integrated Marketing Organisation	Marketing Information	Strategic Orientation	Operational Efficiency	Overall Marketing Effectiveness
Customer Orientation	1	.556**	.755**	.878**	.490**	.054	.338	.363	.153	.304
		.001	.000	.000	.003	.763	.050	.035	.387	.080
Competition Orientation		1	.537**	.845**	.612**	.131	.460**	.461**	.365**	.459**
			.001	.000	.000	.460	.006	.006	.034	.006
Interfunctional Coordination			1	.859**	.395*	-.106	.249	.377*	.025	.172
				.000	.021	.550	.156	.028	.890	.329
Overall Market Orientation				1	.595**	.045	.420*	.472**	.234	.382*
					.000	.799	.013	.005	.184	.026
User Philosophy					1	.418*	.757**	.693**	.589**	.809**
						.014	.000	.000	.000	.000
Integrated Marketing Organisation						1	.555**	.441**	.675**	.796**
							.001	.009	.000	.000
Marketing Information							1	.789**	.723**	.883**
								.000	.000	.000
Strategic Orientation								1	.623**	.783**
									.000	.000
Operational Efficiency									1	.884**
										.000

It is quite clear from the table that all the dimensions of MO are positively and significantly correlated with the dimensions of ME except internal communication. Interestingly, though some of the dimensions of MO, though correlated with the dimensions of ME, yet they are not significant. However, the overall scale of MO is positively and significantly correlated with overall ME. Thus, the basic assumption of relation between MO and ME is proved.

What do these results convey? Firstly, the study brought to light an interesting finding relating to the reliability of the scales adapted and used for the collection of information from the faculty members. Therefore, they are internally consistent and highly dependable, declared for their usage in the further studies. Secondly, this study also

brought to light an important finding which suggests as assumed that market orientation among the faculty members is a precondition to the effectiveness of marketing function. This is also corroborated with the statistical results reporting the significant relationships between both the variables. This further means that to be effective in marketing functions, organizations need to be market oriented.

Conclusion: Understanding the effectiveness of b-schools has never been a serious concern for all the stakeholders until now. The deterioration of standards reflecting in the poor placement of students and the declining rankings of such schools have forced the management of these schools to reflect on their internal processes and craft their future strategies. In this paper,

two important processes have been identified and tested as market orientation and effectiveness and also establish relation among the processes. This study reported the reliability of the scales used in this study. Further, it was also found that there is a significant relationship between market orientation and marketing effectiveness as perceived by the faculty members of b-schools under study.

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