

The Impact of Market Orientation on Performance of Private Universities in Canada

Mariem Khadhraoui
Department of management, ISG Sousse, Tunisia
mariemkhadhraoui@yahoo.fr

Michel Plaisent, Prosper Bernard
Department of management and technology, UQAM, Canada
michelsica@gmail.com, bernard.prosper@uqam.ca

Lassaad Lakhel
Department of management, ISG Sousse, Tunisia
lassaad.lakhel@yahoo.com

The corresponding author: Michel Plaisent

Abstract

This paper focuses on higher education in Canada. Indeed official statistics reflect a critical contribution of international education in the globalization of its economy. According to the official website of global affairs Canada, “total annual expenditure of international students including their visiting families and friends, contributed almost \$11.4 billion to economic activities in Canada in 2014. This translates to \$9.3 billion in Gross Domestic Product (GDP) contribution to the Canadian economy. In this study, we hypothesize that: Market orientation positively influences Canadian universities’ performance. Therefore our proposed research model, Figure 2, is represented according to Zebal and Goodwin (2012).

Keywords Market Orientation, Performance, Economy, Education, Gross Domestic Product

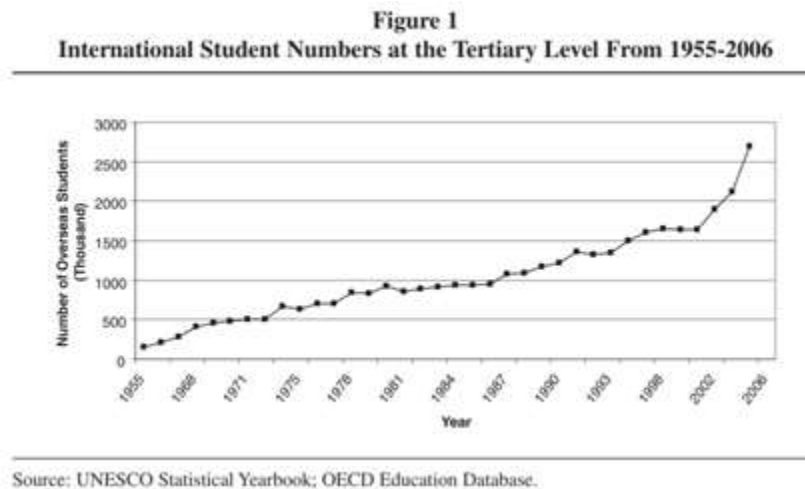
Introduction

Although the relationship between market orientation and business performance is widely discussed in previous literature, (Pelham and Wilson, 1995; Dawes, 2000; Shoham et al., 2005; Murray, Gao and Kotabe, 2011; Kirca et al., 2005) there are only few researches that

assess universities market orientation-performance link (Zebal & Goodwin, 2012; Tsiotsou & Vlachopoulou, 2011; Mahmoud & Yusif, 2012).

Indeed, higher education is becoming a global business. According to Naidoo (2010), international student mobility contributes to the development of international trade in education. Naidoo (2010) explains that demand for higher education “has led to a large number of students, mostly from developing countries, travelling abroad for their studies, leading to a sort of academic trade, where knowledge and expertise are treated as traded services”.

In Figure 1, Naidoo (2010) illustrates the development in international student flows, from a mere 149,590 in 1955 to a peak of approximately 2.7 million in 2006.



In this research, we focus on higher education in Canada. Indeed official statistics reflect a critical contribution of international education in the globalization of its economy.

According, Table 1, to the official website of global affairs Canada, “total annual expenditure of international students including their visiting families and friends, contributed almost \$11.4 billion to economic activities in Canada in 2014. This translates to \$9.3 billion in Gross Domestic Product (GDP) contribution to the Canadian economy».

Table 2 - Total Annual Expenditure of International Students in Canada, by Province and Territory, 2014 (\$millions) [26]

	Long Term Students	Short Term Students	All Students
Newfoundland and Labrador	\$48.2	\$0.0	\$48.2
Prince Edward Island	\$36.4	\$1.1	\$37.5
Nova Scotia	\$299.0	\$25.5	\$324.5
New Brunswick	\$114.7	\$1.1	\$115.7
Quebec	\$1,455.9	\$60.7	\$1,516.6
Ontario	\$4,996.9	\$411.3	\$5,408.1
Manitoba	\$214.5	\$6.2	\$220.8
Saskatchewan	\$136.0	\$15.0	\$151.0
Alberta	\$502.6	\$65.2	\$567.7
British Columbia	\$2,647.2	\$333.4	\$2,980.6
Yukon	\$0.5	\$0.0	\$0.5
Northwest Territories	\$0.6	\$0.0	\$0.6
Nunavut	\$0.1	\$0.0	\$0.1
Canada	\$10,452.6	\$919.4	\$11,371.9

Thus, international higher education in Canada is becoming a growing business. In this research we will assess the market orientation of universities in relation with their performance.

Literature review

Indeed, managing and measuring performance has received increasing attention in recent years (Greiling, 2005). According to Zangouinezhad and Moshabaki (2011), “performance measurement systems were developed as a means of monitoring and maintaining organizational control which ensure that an organization pursues strategies that led to the achievement of overall goals”. They define performance measurement as “the process of quantifying effectiveness and efficiency of action”.

Nowadays, performance measurement not only plays a critical role in quantification and accounting but also reflects the organization’s strengths and weaknesses (Purbey et al., 2007). It contributes to more effective management (Zangouinezhad & Moshabaki, 2011).

According to Zangouinezhad and Moshabaki (2011), the performance of universities is different from performance of other sectors because it is a knowledge-based economy. University performance is “characterized by such as the quantity and quality of the expert human resources, entrepreneur human resources, basic research, applied research, research and development, evaluation research, action research, knowledge creation, accumulation,

sharing, utilization and internalization for industries, and social and national responsibilities”.

Breakwell and Tytherleigh (2010) highlight five aspects of universities’ performance, namely, participation of under-represented groups; student progression; learning outcomes; efficiency of learning and teaching; research output and employment.

According to Coste and Tiron-Tudor (2015), being a performant university means high-quality teaching process, a high level of research, and well-prepared professors. The authors add that performant universities should face the changes of the environment by responding to the new challenges. Thus they have to adapt the qualities of their services to the current circumstances (Coste and Tiron-Tudor, 2015).

Indeed, according to Coste and Tiron-Tudor (2015), “universities are facing increasing competition among the students given the wide world recognition received in the last period”. Students are choosing a university based on the employment indicators and the reputation gained by the educational institutions in the field (Coste & Tiron-Tudor, 2015).

According to Naidoo (2010) universities’ performance is reflected by international student recruitment. He considers different determining factors of this performance. He distinguishes between uncontrollable factors (such as reputation pull) and controllable factors (such as export readiness, defined as a function of the university’s market orientation)

Indeed, market orientation was conceptualised different ways (Zebal & Goodwin, 2012). Shapiro (1988) considers market orientation as an organisational decision-making process that starts with the collection of market related information and proceeding to a decision making process based on the collected information.

Furthermore, Kohli and Jaworski (1990) consider market orientation as a mixture of three activities;

- First, market information reveals the current and future needs of the customer.
- Second, that information disseminates within the organisation.
- Third, the organisation responds to the information and selects target markets.

Thus, market orientation is considered as the responsibility of all parts of the organisation (Zebal & Goodwin, 2012). It is seen as the organisational culture that implies the creation of superior value for buyers (Narver and Slater, 1990).

Further, Tsiotso and Vlachopoulou (2011) consider market orientation as a major concept in the marketing literature because it reflects the extent to which an organization implements the marketing concept. They add that “Another reason making market orientation important is its link to business performance”.

In the same framework, Abdulai and Yusif (2012) note that market orientation derives from the application of marketing concept. “Therefore, market orientation involves the use of superior organisational skills in understanding and satisfying customers. It facilitates an organisation’s ability to anticipate, react to, and capitalise on environmental changes, thereby, leading to superior performance” (Abdulai & Yusif, 2012).

Indeed, the relationship between market orientation and business performance is widely discussed in the literature. “Research reports either a direct positive relationship (Jaworski & Kohli, 1993; Avlonitis & Gounaris, 1997; Deshpande & Farley, 1998; Langerak, 2002), or indirect influences (Han et al., 1998; Agarwal et al., 2003), or no effects (Greenly, 1995) between the two constructs” (Tsiotso & Vlachopoulou, 2011).

In this study, we hypothesize that;

H1. Market orientation positively influences Canadian universities’ performance.

Thus our research model, Figure 2, may be represented according to Zebal and Goodwin (2012) as follows:

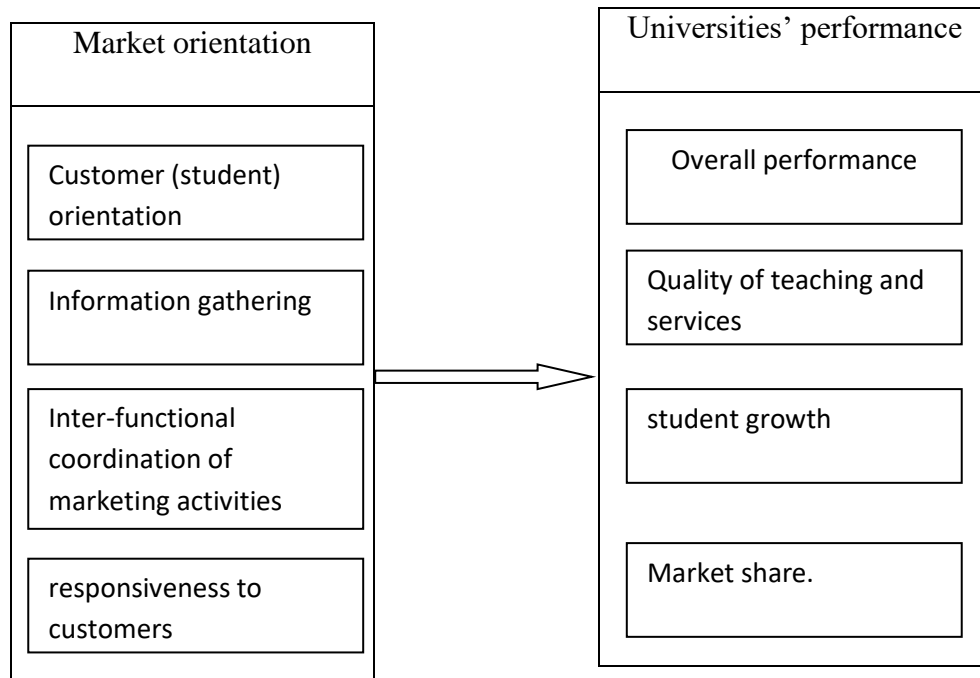


Figure 2. Research model

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