

Educational Value and Innovation to the Private Polytechnics viewed from Market Orientation Dimensions

Jajang Burhanudin M.M.¹⁾, Dwi Kartini²⁾, Sucherly³⁾, Rita Komaladewi⁴⁾
University of Padjadjaran

Abstract: *Absolute demand to the companies or organizations in offering products or services is how to understand and focus to the customers and competitors. Besides that, something that also important is interfunctional coordination. Those three dimensions known as market orientation. This research intended to know the effect of market orientation dimensions to the educational value and innovation from private polytechnics. By using survey method to 375 respondents, it was proven that interfunctional coordination has quite large effect to the educational value. While, competitor orientation has larger effect than other market orientation dimensions to the innovation.*

Keywords: *market orientation, customer orientation, competitor orientation, interfunctional coordination, educational value, innovation.*

Date of Submission: 22-08-2018

Date of acceptance: 04-09-2018

I. Introduction

Innovation in today's economy is about anything affected to customer satisfaction and extra value needs such as technology, product, and customer service. Field study, such as research by Naido (2010) found that innovation serves as actual mechanism that changes market orientation to the superior performance. Market orientation and innovation are two keys of management philosophy. While, Laforet (2008) stated that market orientation and innovation appeared as two basic concepts related to strategic orientation. Suharyono Pardi (2014) also stated that market orientation, basically, needs innovative steps as with market condition and consumer expectation.

Therefore, then innovation in private polytechnics as higher education is really necessary, especially in order to support academic freedom, academic identity, and research properties conducted by the institutions. Moreover, today, higher education gains challenge from the government, industrial partners, and student or graduate future. However, in the Blass's note (2014:2), it is mentioned that many research products of higher education, today, still terminated in the discover or finding level, which is finding new idea, not innovation, implementation of new idea for new result, and the last is less management ability that able to create threat for the higher education future itself. Whereas, according to Bowonder, et al., (2011:19), innovation strategy able to assist company in three ways: attracting customers, defeating competitors, and develop portfolio of new product.

Prediction of less innovation in private polytechnics can be seen from: 1) only few private polytechnics have research value and publication of research results above the average score; 2) domination of private polytechnic funding that only relies on the students. However, according to Regulation of the Minister of Research, Technology, and Higher Education No. 44 Year of 2015 paragraph 44 mentioned that implementer agency of private higher education or higher education must conduct efforts for higher education funding from many sources beside educational cost gained from the students such as grant, professional and/or skill service; sustainable funds from alumnus and philanthropies, and/or cooperation or partnership with governmental and private institutions (Minister of Research, Technology, and Higher Education, 2015).

Besides that, private polytechnics presumed to be unable yet in giving satisfying educational service value to the students and industrials as graduate user. It can be seen from only few lecturers who have educator certification. Lecturer certification is authentic proofs over lecturer competence as professional education in creating qualified learning process to students. Lecturer reliability, directly and indirectly, gives effect to the student or graduate education quality.

In the other side, low lecturer quality in private polytechnics, as a whole, can be seen from polytechnic's human resource value (higher education ranking, 2016).

This low educational service value in private polytechnics, in general, also can be seen from facility and infrastructure management that still unable to meet regulation as with Regulation of the Minister of Research, Technology, and Higher Education No. 44 Year of 2015 Paragraph 33.

In the higher education system in Indonesia, private polytechnics, as with other higher education institutions, demanded to develop spirituality value in giving its educational service value to the students. It is

mandate from Law No. 12 Year of 2012 about Higher Education. In line with that case, from marketing perspective, Kotler et al., (2010) argued that spirituality becomes very important remembering that today is era where marketing may be triggered by values (values driven).

In the other side, American Marketing Association (AMA) has defined marketing for mastering the market by creating, communicating, and delivering values for customer/consumer satisfaction as well as to win the competition. Refers to the statement by Ferrell O.C et al., (2010); Tsiotsou & Vlachopoulou (2011); Gheysaria, H. et al., (2012), Chad P.& Judy (2013), then, in marketing there is absolute demand to the companies or organizations in order to understand and focus to the customers and competitors.

However, empirically, generally private polytechnics can be presumed as having gap of market orientation. Private polytechnics, in offering their education program, presumed to be less understand about the development of occupation types need skilled workers as with industrial demand as graduate user (customer orientation). Besides that, it also shows weak competitor orientation in private polytechnics.

In addition, regulation pressure and tight competition as mentioned above can be trigger leads many private polytechnics to maintain their existence and business sustainability by conducting marketing that frequently ignoring about marketing ethics.

Problems of marketing ethic that mostly occurred in many studies such as: bribery, fairness, unfair-price, product (product safety, over claim of product benefit), personnel, confidentiality, dishonesty in advertisement, and so forth (Halim, Rizal E., 2016:68; Payne & Pressley, 2013:61). These phenomena show weak interfunctional coordination.

II. Literatur Review

Innovation

Ghorbani, et al., (2014) argued that innovation related to the ability to create customer values. Companies with market orientation have competitive superiority, either their reaction speed or effectiveness to the opportunity and threat. Shah Alam, et al., (2014) stated that innovation is basic component used by companies as strategy to improve productive manufacture process, in order to be able to compete in the market as well as build good reputation, thus it can gain positive status or image in customer perception. Kaya and Patton (2011: 204-219) stated that innovation demands companies to have knowledge related to the customer. While, Naido (2010: p 1317) believed innovation as mechanism, in fact, changes market orientation to be superior performance.

In the study about innovation in higher education, Alhousseini and Elbergati (2014) used two indicators, product innovation and innovation process. Besides that Vila (2012) used two indicators, development innovation competencies and the modes of teaching and learning. While, Saginova and Belyansky (2008) used two indicators, innovation in programmes and innovation in the market.

Based on study to the Regulation of the Minister of Research, Technology, and Higher Education No. 44 Year of 2015 about National Standard of Higher Education (SNPT) and Accreditation Assessment Standard of National Accreditation Agency for Higher Education (BAN PT), then in this research, innovation indicator would be used as innovation in curriculum, learning, and academic condition; innovation in the research, community service, and cooperation; innovation in administration management, leadership, management system, and quality assurance; innovation in human resource; innovation in financing, facility and infrastructure, also information system; and innovation in student and graduate.

Educational Value

Educational service value is value perceived by students (customer perceived value) after conducting evaluation to the education providing that they perceive. It is strengthened by Kalafatis and Ledden's view (2013:1540) that according to service logic, value does not exists in product, but it exists in the product service perceived by customers.

Educational value can be assessed by seeing response to the three items: first, students show their experience about university policy; second, student involvement in determining choice; and third, direct statement perceived from education process (Heafitz King, 2012:569).

Many previous researchers such as Sweeney and Soutar (2001); Lai, S.L. (2012); Petruzzelis and Romanazzi (2010); and Woodall (2014) used functional value, social value, and emotional value as educational service value dimension, in which between them also used different dimension. However, by the view of Kotler (2010: 21) that in marketing, the marketer should be able to view customer as completely human who has mind, heart, and spirit. The same thing stated by Standifer (2010) and Kale (2006) as well as study to the law of national education and law of higher education in Indonesia, then in this research, spiritual value added as educational service value dimension.

Market Orientation

Market orientation in higher education, described by Akonkwa (2009), Casidy (2014) and Abu Bakar, et al., (2014) using customer orientation, competitor orientation, and interfunctional coordination dimension. Those arguments are relevant to be used in this research. There are some other reasons why this research is necessary to use those three indicators. First, in Law of Higher Education, National Qualification Framework (KKNI), and Higher Education National Standard, it is clearly implicitly that higher education should be focus on the potential development of students (customer) in order to achieve the expected learning goal. Second, in the higher education implementation and management, including private polytechnic, is necessary to conduct good interfunctional coordination both the foundation as implementer, private polytechnic management as manager, lecturer, educator, and other parties. And third, remembering that higher education competition dynamic is getting tighter, private polytechnic institutions demanded to see other polytechnic institution.

Therefore, this market orientation will refer to the Narver and Slater's framework (1990) which then frequently referred by other researchers till today, where the assessment known as MKTOR. Study by Farrel and Oczkoski (1997) concluded that MKTOR is better than MAKOR in the case of criterion validity, reliability, and uni-dimensionality. MKTOR scale is 15 items, 7-points of Likert scale with all points specified.

The Relationship between Market Orientation and Educational Value

Study by Kalafatis and Ledden (2013: 1540) and Heafitz King (2012:569) showed that educational service value is customer perceived value from the received education. The finding from Chen and Quester (2006) gives view about the effect of customer perceived value in the practice of market orientation as well as its impact to the customer storage. Peña and Jamilena (2011) proved that there is effect of market orientation together with ICT utilization to the customer perceived value.

The Relationship between Market Orientation and Innovation

Ghorbani, et al., (2014) found the effect of market orientation that has positive and significant effect to the marketing effectiveness component including customer philosophy, operational efficiency, strategic orientation, and marketing information. Related innovation process and behavior resulted from culture based market orientation are able to give significant competitive superiority for an organization in case of performance dimension such as product development and market development. Akman and Yilmaz (2008) found that customer orientation and market orientation affected to the innovative ability. Newman A, et al., (2016) in his research found that there is strong relationship between customer orientation and innovation. The study conducted by Liu, Shunzhong (2013) found the effect of market orientation in order to develop innovation, which in turn, will affect innovative performance. While, the study by Cai, et al., (2014) confirmed that policy for entrepreneurship supports will strengthen the relationship between responsive market orientation and radical innovation.

III. Method

Research Sample and Procedure

Data used in this research was 375 data taken from students in 5 colleges of private polytechnic in Bandung. While, number of student population (data 2017) from those five colleges is 10,999 students. In Bandung, there are 11 private polytechnics with total number of 13,818 students. This total number of student in Bandung is 70% of total student number of private polytechnic in West Java and Banten. 390 exemplars of questionnaire in this research distributed randomly and proportionally. However, respondent that returned and filled the questionnaire completely was only 375 exemplars.

Measurement

The distributed questionnaire intended to measure market orientation, educational service value, and innovation variable. In the market orientation variable, it consists of 15 question items that expected able to explain empirically about market orientation, competitor orientation, and interfunctional coordination. While, in the innovation variable, it consists of 9 question items that expected able to explain about program innovation and process innovation such as innovation in curriculum, learning, and academic condition; innovation in the research, community service, and cooperation; innovation in administration management, leadership, management system, and quality assurance; innovation in human resource; innovation in financing, facility and infrastructure, also information system; and innovation in student and graduate. In the educational service quality, it consists of 9 question items that expected able to explain functional, epistemic, emotional, social, and spiritual value. While, scale used in this research was Likert scale 1-7.

By using Smart PLS 3.0, it was obtained validity and reliability as with the table below:

Table 1. Validity and Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Competitor Orientation	0.854	0.859	0.896	0.632
Customer Orientation	0.846	0.851	0.891	0.620
Interfunctional Coordination	0.820	0.825	0.874	0.582
Educational Value	0.878	0.884	0.902	0.508
Innovation	0.903	0.907	0.921	0.566

Based on Table 1 above, it can be seen that all constructs have Cronbach’s Alpha value > 0.70. The same thing with Composite Reliability which all have value > 0.70. While, AVE from all constructs have value > 0.50. Therefore, it can be stated that all variables measured in this research are valid and reliable.

Result and Finding

The result of data analysis in this research found that total effect from market orientation – customer orientation, competitor orientation, and interfunctional coordination – to the educational service value and innovation can be seen as Figure 1 below:

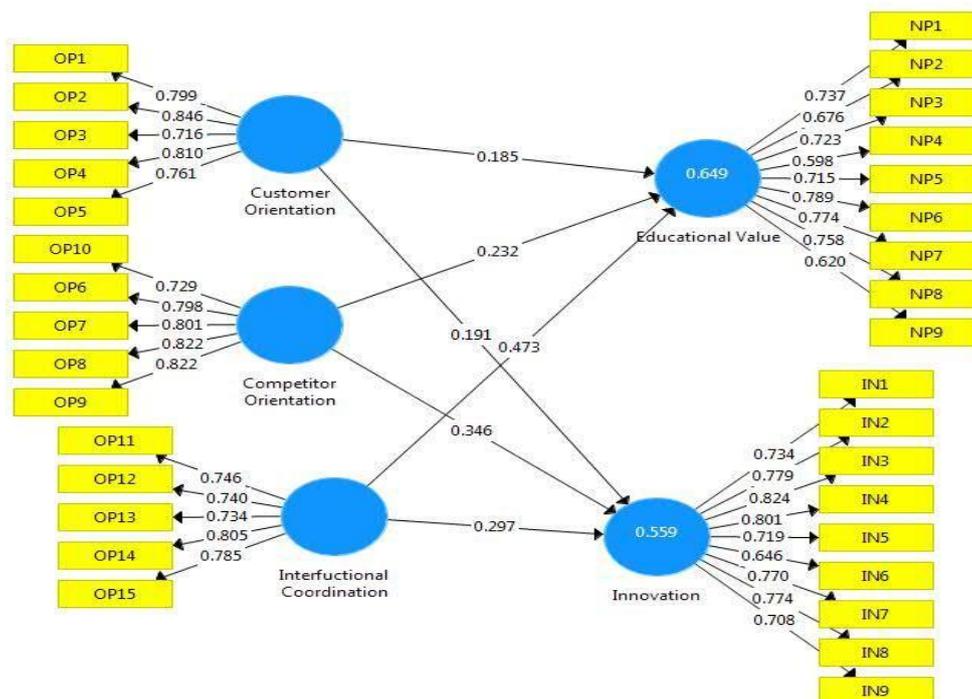


Figure 1. Outer Loading

Based on Figure 1 above, it can be proved that total effect above proven that educational value affected by interfunctional coordination for 0.473, competitor orientation for 0.232, and customer orientation for 0.185. While, innovation affected by competitor orientation for 0.346, interfunctional coordination for 0.297, and customer orientation for 0.191. Then, it was also found that the effect of market orientation to the educational value is 0.649. While, the effect of market orientation to the innovation is 0.559.

The findings above show that educational value of private polytechnics more affected by interfunctional coordination, which is contribution of work units in the college development, information leaflet about students in the all work units, contribution of work units that match with industrial needs, and good cooperation between work units as well as communication effectiveness between work units/departments.

While, for innovation, it is more affected by competitor orientation, which is response speed in anticipating competitor strategy, superiority position than competitor, strategy appropriateness, and tactic in anticipating the future as well as management understanding about competitor.

However, private polytechnic is necessary to conduct study and evaluation to the customer orientation that clearly gives small effect to the educational value and innovation. Several things that should be concerned such as management and lecturer understanding to the customer needs (students and users), lecturer and staff understanding to the service, lecturer and staff commitment to the graduate quality, lecturer and staff understanding to the customer satisfaction, and fast response and management accuracy in fulfilling customer demands.

IV. Conclusion

Educational value of private polytechnic more dominantly affected by interfunctional coordination than competitor orientation and customer orientation. While, innovation more affected by competitor orientation than interfunctional coordination. Private polytechnics demanded to conduct study and improvement to the customer orientation that gives low effect to the educational value and innovation.

Reference

- [1]. Abu Bakar, A.R., Abdul Talib, Asmat N., Hashim, F. 2015. Restoring service quality, satisfaction and loyalty in higher education institutions through market orientation. *J. Global Business Advancement*, Vol. 7, No. 1, 2014, pp.88–107.
- [2]. Akman, G., & Yilmaz, C. 2008. Innovative Capability, Innovation Strategy and Market Orientation: An Empirical Analysis in Turkish Software Industry. *International Journal of Innovation Management* Vol. 12, No. 1 (March 2008) pp. 69–111
- [3]. Akonkwa, D.B. M.. 2009. Is market orientation a relevant strategy for higher education institutions? Context analysis and research agenda. *International Journal of Quality and Service Sciences* Vol. 1 No. 3, 2009 pp. 311-333 q Emerald Group Publishing Limited 1756-669X DOI 10.1108/17566690911004230
- [4]. Alhuseini, S., & Elbeltagia, I. 2014. Transformational leadership and innovation: a comparison study between Iraq's public and private higher education. *Studies in Higher Education*, 2014 Publisher: Routledge <http://dx.doi.org/10.1080/03075079.2014.927848>
- [5]. Blass, E., and Hayward, P. 2014. Innovation in higher education; will there be a role for “the academe/university” in 2025?. *European Journal of Futures Research* (2014) 2:41 DOI 10.1007/s40309-014-0041-x
- [6]. Cai, L., Liu, Q., Zhu, X., Deng, S. 2014. Market orientation and technological innovation: the moderating role of entrepreneurial support policies. *International Entrepreneurship Management Journal*. # Springer Science+Business Media New York. DOI 10.1007/s11365-013-0290-3
- [7]. Casidy, R. 2014. The role of perceived market orientation in the higher education sector. *Australasian Marketing Journal* xxx (2014), <http://dx.doi.org/10.1016/j.ausmj.2014.02.001>, 1441-3582/ 2014 Australian and New Zealand Marketing Academy. Published by Elsevier Ltd.
- [8]. Chad, P., and Judy, M. E. K. 2013. Development of a Market Orientation Research Agenda for the Nonprofit Sector. *Journal of Nonprofit & Public Sector Marketing*, 25:1–27
- [9]. Chen, S.C., & Quester, P.G. 2006. Modeling store loyalty: perceived value in market orientation practice. *Journal of Services Marketing*, Vol. 20 Iss: 3 pp. 188 – 198 <http://dx.doi.org/10.1108/08876040610665643>
- [10]. Farrel, M. A., and Oczkowski, E. 1997. An Analysis of the MKTOR and MARKOR Measures of Market Orientation: An Australian Perspective. *Marketing Bulletin*, 1997, 8, 30-40, Article 3
- [11]. Ferrell, O.C.; Gonzalez-Padron, Tracy L.; Hult, G. Tomas M.; Maignan, Isabelle. 2010. From Market Orientation to Stakeholder Orientation. *Journal of Public Policy & Marketing* Vol. 29 (1) Spring 2010, 93–96
- [12]. Gheysaria, H.; Raslia, A.; Roghaniana P., and Norhalim, N. 2012. A Review on the Market Orientation Evolution, *Procedia - Social and Behavioral Sciences* 40 (2012) 542 – 549
- [13]. Ghorbani, H., Dalvi, M. R., and Hilmanpour, I. 2014. Studying the Effect of Market Orientation on Marketing Effectiveness Case Study: Hotels in Isfahan province. *International Journal of Academic Research in Business and Social Sciences*, January 2014, Vol. 4, No. 1, 570-580
- [14]. Government of Republic of Indonesia, 2000, Law Number 23, 2000 on National Education
- [15]. Government of Republic of Indonesia, 2012, Law Number 12 Year 2012 on Higher Education
- [16]. Government of Republic of Indonesia, National Accreditation Bodies of Higher Education. 2011. Book III Standard of Accreditation of Institution
- [17]. Government of Republic of Indonesia, Ministry of Research, Technology and Higher Education, 2015. Regulation of Minister of Research and Technology Number 44 Year 2015 on National Standards of Higher Education (SNPT).
- [18]. Halim, R. E. 2016. *Marketing & Public Policy, Understanding the Link between the Actives Marketing, Consumer and Public Policy*. Gramedia Pustaka Utama. Jakarta
- [19]. Heafitz King, 2012. Student conduct administration: How students perceive the educational value and procedural fairness of their disciplinary experiences. *Journal of College Student Development*, 2012 - muse.jhu.edu
- [20]. Kalafatis, S., and Ledden, L. 2013. Carry-over effects in perceptions of educational value. *Studies in Higher Education*, 38:10, 1540-1561, DOI: 10.1080/03075079.2011.643862
- [21]. Kaya, N. and Patton, J. 2011. The Effect of Knowledge-Based Resources, Market Orientation Orientation on innovation Performance: an Empirical Study of TURKISH Firms. *Journal of International Development J. Int. Dev.* 23, 204–219 (2011)
- [22]. Kotler, P., Kartajaya, H., and Setiawan, I. 2010. *Marketing 3.0 From Product to Customers to the Human Spirit*, John Wiley & Sons, Inc., Hoboken, New Jersey. ISBN 978-0-470-59882-5
- [23]. Laforet, S. 2008. Size, strategic, and market orientation affects on innovation. *Journal of Business Research* 61 (2008) 753–764
- [24]. Lai, Linda S.L.; W.M. To, Jane W.Y. Lung and T.M. Lai. 2012. The Percieved Value of Higher Education: The Voice of Chinese Students. *Higher Education* Vol. 63 p 271-287. DOI 10.1007/s 10734-011-9439- 6
- [25]. Liu, S. 2013. The role of service innovativeness in the relationship between market orientation and innovative performance: moderator or mediator?. *The Service Industries Journal* Vol.33, No.1, 51–71
- [26]. Naido, V. 2010. Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. *Industrial Marketing Management* 39 (2010) 1311–1320

- [27]. Narver, JC and Slater SF. 1990. The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*, Vol. 54, No. 4 (Oct., 1990), pp. 20-35
- [28]. Newman A, Prajogo D, Atherton a. (2016), "The influence of market orientation on innovation strategies", *Journal of Service Theory and Practice*, Vol. 26 Iss 1 pp. 72 - 90
- [29]. Payne, D., and Pressley, M. 2013. A transcendent code of ethics formarketing professionals. *International Journal of Law and Management* Vol. 55 No. 1, 2013 pp. 55-73 q Emerald Group Publishing Limited 1754-243X DOI 10.1108/17542431311303822
- [30]. Peña, A. I.I P., and Jamilena, D. M. F. Market orientation adoption in rural tourism: impact on business outcomes and the perceived value. *Int Rev Public Nonprofit Mark* (2011) 8:195–197 DOI 10.1007/s12208-011-0068
- [31]. Petruzzellis, L., and Romanazzi, S. 2010. Educational value: how students choose university Evidence from an Italian university. *International Journal of Educational Management* Vol. 24 No. 2, 2010 pp. 139-158 q Emerald Group Publishing Limited 0951-354X DOI 10.1108/095135410111020954
- [32]. Saginova, O., and Belyansky, V. 2008. Facilitating innovations in higher education in transition economies. *International Journal of Educational Management* Vol. 22 No. 4, 2008 pp. 341-351 q Emerald Group Publishing Limited 0951-354X DOI 10.1108/09513540810875671
- [33]. Shah Alam, S., Arumugam, V., Mohd Nor, N.G., Kaliappan, P.A.P; Fang, L. S. 2013. Relationships between Innovation Capabilities, Business Performance, Marketing Performance and Financial Performance: A Literature Review. *Business and Management Horizons* ISSN 2326-0297 2013, Vol. 1, No. 1 URL: <http://dx.doi.org/10.5296/bmh.v1i1.3415>
- [34]. Standifer, R. L. 2010. The Influence of Spirituality on Buyer Perception Within Business-to-BusinessManaging Relationships: A Cross-Cultural Exploration and Comparison. *Journal of Relationship Manajemen*, 9:132–160,
- [35]. Suharyono Pardi; Suyadi Iman ; and Arifin Zainul. 2014. *European Journal of Business and Management*. www.iiste.org ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol.6, No.21,
- [36]. Sweeney, J C and Soutar, G.N. 2001. Consumer Percieved Value: The Development of a Multiple Item Scale. *Journal of Reatiling* 77 (2001) 2003-220.
- [37]. Tsiotsou, R. H. And Vlachopoulou, M.. 2011. Understanding the effectsof market orientation andemarketing on serviceperformance. *Marketing Intelligence & Planning*Vol. 29 No. 2, 2011 pp. 141-155
- [38]. Vila, L.E., Perez, P.J., and Morillas, F. G. 2012. Higher education and the development of competencies for innovation in the workplace. *Management Decision*, Vol. 50 Iss: 9 pp. 1634 – 1648. <http://dx.doi.org/10.1108/00251741211266723>
- [39]. Woodall, T., Hiller, A., and Resnick, S. 2014. Making sense of higher education: students as consumers and the value of the university experience. *Studies in Higher Education*, 39:1, 48-67, DOI: 10.1080/03075079.2011.648373

Jajang Burhanudin M.M. " Educational Value and Innovation to the Private Polytechnics viewed from Market Orientation Dimensions." *IOSR Journal of Economics and Finance (IOSR-JEF)* 9.4 (2018): 48-53.