Green or Yellow Light for Market F(l)avours? The Lecturer Perspectives of Market-Oriented Organisational Culture in the Changing World of Hungarian Higher Education

Balázs Heidrich, Richárd Kása, Tamás Németh
Budapest Business University, Faculty of Finance and Accountancy, Hungary
heidrich.balazs@uni-bge.hu, kasa.richard@uni-bge.hu, nemeth.tamas@uni-bge.hu

This study focuses on the success factors of a Hungarian business university, highlighting an important pillar among the success criteria: a coherent and market-oriented organisational culture that can adapt to the changing conditions including transitions and sustainability-related challenges. Our research question is to what extent organisational culture helps or hinders market-oriented organisational behaviour, and to what extent it supports an organisation's success in higher education. Through the example of the Budapest Business University (BBU) the study shows how Cameron-Quinn's organisational culture model (OCAI) - with regard to market orientation - appears in the domestic university scenario. Based on our research the role of market orientation in higher education is clarified: there is a connection between the organisation's strategy, culture and market orientation, but there are different viewpoints regarding the organisational values related to market orientation. The authors argue that the immanent element of organisational functioning (i.e. the market-oriented organisational culture), fundamentally contributes to how successfully a model-changing university adapts in the market space designated for it.

Keywords: higher education, market orientation, organisational culture, model-changing university, changing world

University of Maribor Press
DOI https://doi.org/10.18690/um.fov.3.2024.20
ISBN 978-961-286-842-0

1 Introduction

In the first half of the 20th century, several authors dealt with the idea of university (Whitehead (1929), Flexner (1930), Macmurray (1944)). Later, the interest increased, as significant changes took place in the institutional network and institutional system of higher education (Newman, 1965). Survival and renewal were at the centre of the organisational challenges, as universities had to meet two conditions: on the one hand, to remain loyal to the idea that gave life to the so-called *studium generale* and the spirit of the '*universitas'* seven centuries earlier, and on the other hand, to integrate into the society around them (Ashby, 1966). From the ever-increasing character of economic and business life, universities adopted certain terms (e.g. key indicator, quality assurance, return, etc.), which many researchers considered as the final bankruptcy of the classic "university" (Scott (1984), Reeves (1988), Halsey (1992)) - and these processes slowly swept away the 19th-century foundations of the university's self-image. Our study focuses on one of the most important elements of this change: the market orientation of higher education (more precisely: universities). Hungarian higher education has gone through changes, as a result of which almost all higher education institutions are forced to place greater emphasis on market orientation – among others the Budapest Business University.

2 The social environment of higher education

2.1 The macro and micro environment of higher education in Hungary

The trend analysis of the changes experienced in Hungarian higher education in the last three and a half decades and the analytical review of the higher education literature are receiving more and more attention (Polónyi-Kozma, 2020). From the literature analysis, it can be concluded that higher education - due to its strong social embeddedness - can and should be examined together with external influences (e.g. labour market, social mobility, economic efficiency, cultural values, etc.). As a result of all this, the expansion of higher education, the institutional and training structure, as well as the institutional management itself took shape (Temesi, 2016).

The internal world of the university, its groups of teaching and non-teaching staff, show remarkable organisational dynamics. The management must adapt the message of the market orientation strategy in their circles to the values shared at the organisational level, and then adapt the message and the incentives to the individual subcultures. In this way, the management can create an atmosphere of cohesion while managing the diversity of subcultures (Chandler et. al, 2021).

2.2 The Budapest Business University (BBU) in the research focus

The Budapest Business University (BBU) was established in 2000 by the merger of three former colleges (College of Commerce, Hospitality and Tourism, College of Foreign Trade and College of Finance and Accountancy). The predecessor institution of two of the three colleges were founded in 1857, while the third was founded in 1957. The former independent colleges now appear as Faculties of the university and focus on different areas of business sciences as follows: foreign trade and international business, logistics; finance, accounting and management; tourism, trade and hospitality. The institution appears at all levels of education i.e. from higher vocational education through basic education to the PhD degree. The Budapest Business University has become the institution with the third largest number of admissions, which currently provides training for around 20,000 students. From the point of view of organisational culture, the fact that Faculties stayed on their own campuses instead of being physically integrated was a significant obstacle to integration. Another step in the organisational transformation is that the BBU Senate has voted in 2021 for the change of its legal and operational model, based on which the University continues to operate as a public foundation based university.

2.3 The forms and characteristics of market orientation

The co-called "Competing Values Framework" (Cameron-Quinn, 1999) model of organisational culture has also been widely applied in higher education in recent decades. It has proven to be as a useful tool in the interpretation of market orientation. In this perspective, the organisation focuses on transactions with external actors (e.g. suppliers, customers, unions) and regulators (Cameron-Quinn, 1999). Market orientation is thus a vital set of values and processes necessary to

create higher value goods and services offered to customers (Kohli-Jaworski, (1990), Narver-Slater (1990), Ruekert (1992)).

From the beginning of the 2000s, market orientation received more attention in higher education research. In particular, researchers have proposed and tested models that, in addition to the focus of the above-mentioned authors on market orientation, also identify its antecedents and consequences e.g. Hult-Ketchen-Slater (2005), Wang et al. (2019), as well as market orientation and performance examine the mediators and/or moderators of the relationship: a spectacular result is that the institution's market orientation is an organisational capability that has a positive effect on performance (Hult-Ketchen-Slater (2005), Kirca et al. (2009)). Thus the question is: how can an organisational culture recognizing market orientation as a value be interpreted in the university sphere?

Evidently, universities have different characteristics than that of the business enterprises, since university activities are largely characterized by a knowledge-based culture and a large number of changing students. Therefore, existing market orientation scales may not be able to adequately assess the true nature of university goals and functions. Among the scales developed in the 1990s, the 21-item MKTOR scale (Narver-Slater, 1990) included customer orientation, inter-functional coordination and competitor orientation as factors, while the MARKOR scale, which initially consisted of 32 items and was later reduced to 20 (Kohli-Jaworski-Kumar, 1993) identified the generation, dissemination and responsiveness of market intelligence as the main factors of market orientation philosophy within higher education institutions.

The above mentioned market orientation scales focused more on for-profit business than on the university environment and its unique needs. In order to correct this deficiency, the University MARKOR scale was created (Hampton, 2007, Hampton et al. 2009), which measures student-centred market orientation, and based on previous works for measuring market orientation (Kohli-Jaworski-Kumar, 1993), and based on customer orientation (Brady-Cornin, 2001). Hampton (2007) modified the original 32 items of the MARKOR scale and the 15 items of the MKTOR scale - adapted to the university context. He then compared the two scales as well as the University MARKOR scale, which includes students.

3 Research questions and hypotheses

3.1 Test sample

The database for this article is based on a long series of surveys: every five years since 2011, we have assessed BBU's organisational culture using the OCAI scale and the MARKOR scale, and from this we have defined the university's organisational subcultures. (Chandler, 2015; Chandler et al., 2017, 2018; Chandler-Heidrich, 2014) Sample sizes are as follows: n_{2011}=332; n_{2016}=369; n_{2020}=180. Table 1. shows comprehensive demographic distributions for the three databases. This study examines the relationship between the market dimension in organisational culture and the market orientation measured by the MARKOR scale using data from three databases. Since this research question aims to investigate a cause-and-effect relationship between two statistical variables (i.e. market dimension of organisational culture and market orientations), the intrinsic dynamics within the datasets do not provide any issues (James et al., 1982):

Table 1: Sample distributions

		2011	2016	2020
sex	male	34,9	36,9	41,7
	female	65,1	63,1	58,3
age	under 25 years	1,5	1,2	0,6
	25-35 years	16,9	20,3	18,3
	35-45 years	27,1	27,7	26,1
	45-55 years	27,1	28,0	33,9
	55-65 years	21,4	22,3	18,3
	Over 65 years	6,0	0,5	2,8
tenure	less than 1 year	10,5	12,5	3,3
	1-3 years	9,9	15,8	21,1
	3-5 years	8,1	10,3	16,7
	5-10 years	20,5	16,8	18,9
	more than 10 years	50,9	44,8	40,0

The data was analysed using the following methodology, which is common and appropriate in the literature for both the OCAI and MARKOR:

- The MARKOR scale's 33 measured variables (19 student orientation, 6 competition orientation, and 8 cooperation orientation) are subjected to exploratory factor analysis by groups, with goodness of fit tested using the KMO indicator, the Bartlett test, and the measure of total variance expressed. Furthermore, each construct is intended to have a factor weight of 0.5 for the measured variables in each constructed factor, with the second greatest value not exceeding half of this number. The factors thus constructed are used to measure the market orientation of respondents. (Thompson, 2004)
- To improve data processing efficiency and reduce information granularity, market values on the OCAI scale are averaged. Since these indicators are measured on an ipsative scale, averaging does not result in considerable information loss; nonetheless, the scale range of 0-100 makes analysis challenging (Kása, 2020). As a result, using the visual binning method, three groups were formed from the sample, each with two divisions, with standard deviation regarded medium for market dimensions around the midpoint of the scale, low for respondents below this range, and high for respondents above this range. We also apply this binning process to the perceived and preferred aspects of the OCAI scale.
- After obtaining these variables, we can use analysis of variance to investigate the progression of the MARKOR factors' values inside the 3-3 groups of the binned OCAI market dimension. Specifically, we investigate if there are substantial disparities among the category means in the groups (Northcott, 2008).

Our research is based on the hypothesis that a prevailing market culture results in a more pronounced market orientation within all three market orientation groups.

3.2 Factoring MARKOR scales

The MARKOR scale variables were subjected to factor analysis by group, resulting in a total of six factors from the three groups. The factor analysis meets the statistical requirements, with a sufficiently high Kaiser-Mayer-Olkin index score in all cases (>0.7), a significant Bartlett's sphericity test ($p<0.001$), a Total Expressed Variance (TVE) above 50%, in two cases above 60%, and a minimum factor weight of 0.6. The constructed factors are:

- Customer service: the term reflects the practice of the BBU to make student complaints handling easily accessible, transparent, and fast. In addition, BBU understands student needs and informs them of what they can expect from the institution. This approach promotes student satisfaction and trust, as well as effective communication and problem-solving within the educational institution.
- Integrative student feedback culture: the term reflects the practice of BBU to actively encourage students to give feedback, whether positive or negative, but always in a constructive way. In addition, staff also consider and respond to this feedback, which contributes to the continuous improvement of learning and teaching processes. This type of culture promotes openness, continuous improvement, and community participation in the learning environment.
- Student-centred education: the term reflects the approach of the university to focus on student satisfaction, and to put the needs of students at the heart of education. Regular student satisfaction surveys show that the institution is committed to continuously monitoring and improving the educational environment for students. This approach promotes student well-being and improved learning outcomes.
- Competitive advantage in student-focus: This term reflects the situation in which the university stands out from other colleges and universities in understanding and meeting student needs. Furthermore, the BBU's positive attitude towards other institutions' initiatives and developments indicates that it is open to innovation and continuous improvement, while maintaining the primacy of students' interests. This approach contributes to the institution's competitiveness in the education sector.

- Openness to learn and collaborate within the sector: the term reflects the attitude whereby staff and management take an active interest in the practices and developments of other higher education institutions. This type of information gathering and collaboration across the sector promotes knowledge sharing, innovation and effective working. This approach contributes to the development of the institution and to increasing its competitiveness in the education sector.
- Internal cooperation: the term reflects the approach that almost all members of the organisation are involved in promoting the image and marketing of the university. In addition, the introduction of new features and the development of the curriculum are focused on the needs of students, and the student population is always a primary consideration in decision-making. Discussing and addressing student concerns in meetings further reinforces this student-centred approach. This approach promotes institutional cohesion, student satisfaction and the overall success of the University.

The values of the constructed factors over the period under study are as follows:

- The culture of integrative student feedback increased after a means decline to a level higher than the baseline.
- The student-centred education and openness to learn and collaborate within the sector are increasing modestly but steadily.
- The culture of student complaint handling shows a steady decline
- The indicators of competitive advantage in student-centredness and internal cooperation have stagnated after a significant decline in the last period.

Table 2: Explorative factor analysis results

MARKOR group	KMO	Barlett p	TVE	Factor	No. of measured variables	min. factor loading
Student orientation	0,920	0,000	64,831	student complaint handling	5	0,610
				integrative student feedback culture	6	0,602
				student-centred education	3	0,683
Competition orientation	0,787	0,000	65,455	competitive advantage in student-centredness	3	0,656
				openness to learn and collaborate within the sector	3	0,653
Cooperation orientation	0,899	0,000	58,247	internal cooperation	8	0,688

An interesting anomaly emerges from the results after analysing the data. We investigated whether employees who have relatively low or high market values on the CVF scale, either in terms of perceived organisational culture or desired state, have a market orientation.

The results are the following:

- Employees who do not perceive the current organisational culture as market-oriented (i.e. have a low value), they have a relatively high integrative

student feedback culture, an even higher value for competitive advantage in student-centredness and an even higher value for internal cooperation.

- On the other hand, those who perceive the current organisational culture as a market-oriented one have low values for these orientations, but relatively higher values for student complaint handling, student-centred education, and openness to learn and collaborate within the sector.
- In terms of desired values that define organisational culture, the situation is similar for employees who do not desire a market culture: they have a high integrative student feedback culture, an even higher competitive advantage in student-centredness and a higher value for internal cooperation.
- On the other hand, those who have a strong desire for a market organisational culture have a very low internal cooperation, as well as a very low student-centred education, but a high integrative student feedback culture and the highest openness to learn and collaborate within the sector.

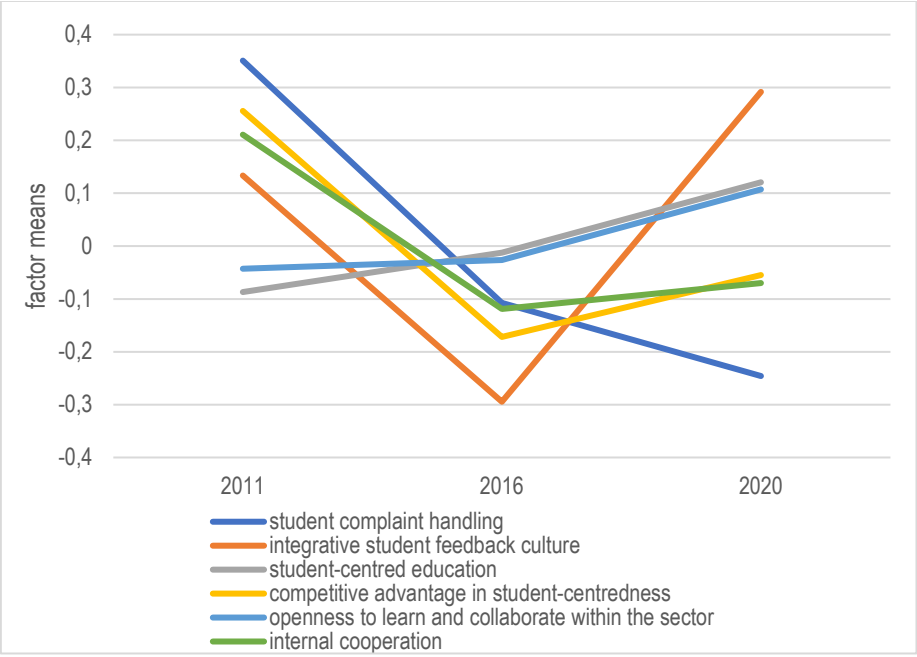

Figure 1: Means of factor scores in the examined years

Source: Own

The above characteristics are based on significant differences ($p<0.05$).

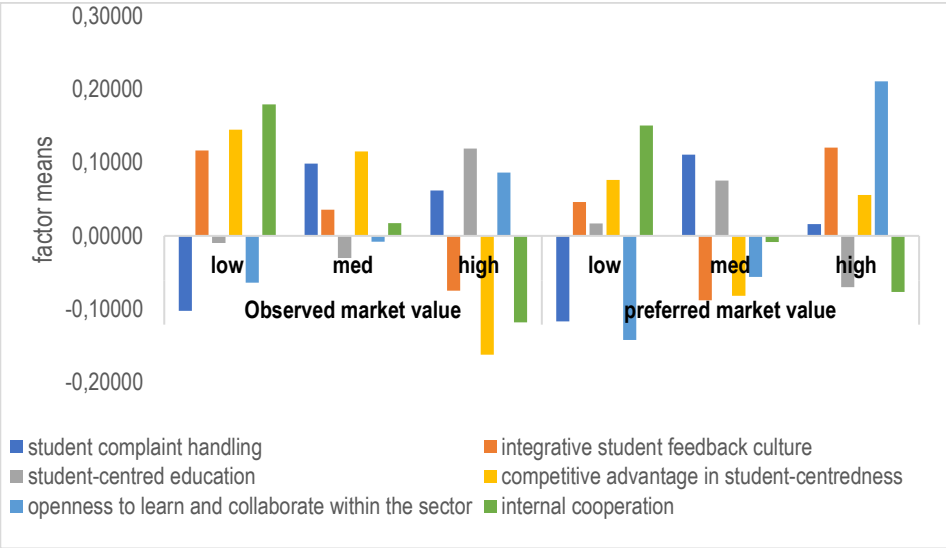

Figure 2: Means of factor scores in different market dimension groups (low/med/high)
Source: Own

4 Findings and conclusions

With the above mentioned methodological innovation of establishing a valid link between the results of the CVF questionnaire and the MARKOR scale with the aim of constructing factors within the cooperation categories, two vividly different subcultures could be identified in BBU.

One is the more internally oriented group of people, who do not consider the present organisational culture as a market-oriented one. As it is reflected in their cooperation factors (namely high integrative student feedback culture, an even higher value for competitive advantage in student-centredness and an even higher value for internal cooperation) these members desire less market-orientation in terms of competition or collaboration with competitors but stay student-focused. Their sole market perspective is based on satisfying the needs of students as customers with the collaboration of internal stakeholders.

The other counter subculture is more externally oriented, opened for competition, less student focused and also more opened to learn through collaboration with external partners. These members perceive the present organisational culture as not market-oriented enough and wish to work in a more opened culture. However, in this subculture, internal collaboration and student-orientation is not in focus.

The results raise a serious managerial dilemma for the University's leadership. Since the respondents of the research were all lecturers, no non-academic staff had been involved, therefore two opposing views of the front-line value creating members (i.e. lecturers, professors) are present at the same time. More research is needed on the demographic details of the two subcultures to start establishing some kind of a cultural harmony and shared understanding on the market-orientation of higher education. There seems to be a long road ahead.

Acknowledgements

The authors would like to thank their contributing colleagues who participated in previous stages of the research: Ágnes Karina Szászvári, associate professor (BBU) and Nicholas Chandler, associate professor (BBU)

References

Ashby, E., (1966). Universities: British, Indian, African. A Study in the Ecology of Higher Education. Harvard University Press. Cambridge, USA.

Brady, M.K., Cronin, J. Jr. (2001). Customer Orientation: Effects on Customer Service Perceptions and Outcome Behaviors. Journal of Service Research. Volume: 3 issue: 3, page(s): 241-251.

Cameron, K.S., Quinn, R.E. (1999). Diagnosing and changing organizational culture. Addison-Wesley. Reading, MA.

Chandler, N. (2015). The alignment of organisational subcultures in a post-merger business school in Hungarian higher education. Pannon Egyetem.

Chandler, N., & Heidrich, B. (2014). Hajsza közben – Egy magyar felsőoktatási intézmény piacorientációjának kultúra alapú elemzési kísérlete. Vezetéstudomány, 45(6), 27–36.

Chandler, N., Heidrich, B., Kasa, R. (2017). Everything changes? A repeated cross-sectional study of organisational culture in the public sector. Evidence-Based HRM, 5(3). https://doi.org/10.1108/EBHRM-03-2017-0018

Chandler, N., Heidrich, B., Kasa, R. (2018). Evolution of Higher Education Organizational Subcultures following Changes to Structure Systems: Results from a Longitudinal Study in Hungary. Organizational Cultures: An International Journal, 18(2), 53–69. https://doi.org/10.18848/2327-8013/CGP/v18i02/53-69

Chandler, N., Heidrich, B., Szászvári, K., Kása, R. (2021). Reframing market-orientation: A comparative study of the market orientation concept in the subcultures of university

employees. Society and Economy. 43 (3). pp. 270-288. DOI https://doi.org/10.1556/204.2021.00011.

Flexner, A. (1930). Universities: American, English, German. Oxford University Press. Oxford.

Halsey, A. (1992). Decline of Donnish Dominion: The British Academic Profession in the Twentieth Century. Oxford University Press. Oxford.

Hampton, G.M. (2007). Exploring market orientation and performance in the university. Proceedings of the Marketing, Educators' Association. San Antonio, TX, 43-48.

Hampton, G.M., Wolf, M., Albinsson, P.A., Mcquitty, S. (2009). Market orientation and professionalism in higher education. Academy of Educational Leadership Journal, 13(1): 87-102.

Hult, G.T.M., Ketchen Jr, D.J., Slater, S.F. (2005). Market orientation and performance: An integration of disparate approaches. Strategic Management Journal, 26(12): 1173-1181.

Kása, R. (2020). Visszatérés az ipszatív skálákhoz: új módszer kidolgozása a szervezeti szubkultúrák azonosítására az OCAI alapján. Statisztikai Szemle, 98(7), 783–838.

Kirca, A.H., Cavusgil, S.T., Hult, G.T.M. (2009). The effects of national culture on market orientation: Conceptual framework and research propositions. International Business Review. Vol 18 pp111-118.

Kohli, A. K., Jaworski, B. J. (1990). Market orientation: The construct, research propositions, and managerial implications. Journal of Marketing, 54(April), 1-18.

Kohli, A. K., Jaworski, B. J., Kumar, A. (1993). MARKOR. A measure of market orientation. Journal of Marketing Research, 30 (November), 467-477.

Macmurray, J. (1944). The Function of a University. Political Quarterly. vol. XV.

Narver, J.C., Slater, S.F. (1990). The effect of a market orientation on business profitability. Journal of Marketing, Vol. 54, pp. 20-35.

Newman, J. (1965). The Idea of a University. Dent. London.

Northcott, R. (2008). Can ANOVA measure causal strength? The Quarterly Review of Biology, 83(1), 47–55.

Polónyi, I., Kozma, T. (2020). A magyar felsőoktatás fejlődése a rendszerváltás után. Magyar Tudomány. 181. 4, 502–512 DOI: 10.1556/2065.181.2020.4.8.

Reeves, M. (1988). The Crisis in Higher Education. SRHE-Open University Press. Milton Keynes.

Ruekert, W.R. (1992). Developing a market orientation: An organizational strategy perspective. International Journal of Research in Marketing. Vol 9. pp225-245.

Scott, P. (1984). Crisis in the University. Croom Helm. London.

Temesi, J. (2016). A magyar felsőoktatás változásai 1988 és 2014 között: trendelemzések előkészítése a szakirodalom alapján. in: Derényi-Temesi (szerk.) (2016) A Magyar felsőoktatás 1988 és 2014 között. Oktatáskutató és Fejlesztő Intézet. pp53-80 ISBN 978-963-682-994-0

Wang, D., Su, Z., Guo, H. (2019). Top management team conflict and exploratory innovation: The mediating impact of market orientation. Industrial Marketing Management. Volume 82, October 2019, pp 87-95.

Whitehead, A. (1929). The Aims of Education and Other Essays. Free Press. New York.