

**THE APPLICABILITY OF MARKET ORIENTATION
TO SELECTED DEGREE PROGRAMMES AT
TECHNIKONS IN KWAZULU-NATAL**

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OPSOMMING

Vanaf 1994 is 'n aantal tersiêre onderwys beleidsdokumente wat die transformasie en herstrukturering van opleiding beskryf, gepubliseer. Verminderde finansiële steun van die staat insluitend die groter vraag deur die publiek na beter diens, het Technikons genoop om innoverende tersiêre instellings te raak. Die bemarkingskonsep wat as die basis vir markoriëntering ontwikkel is, is aanvanklik vir winsgedrewe ondernemings bedoel. Dit was die bedoeling dat hierdie bemarkingsfilosofie ook na teknikons oorspoel. Technikons kan hulle dienslewering verbeter deur by die privaatsektor te leer hoe om van die konsepte en beginsels van markoriëntasie gebruik te maak. Die doel van hierdie studie was om deur teoretiese en empiriese evaluering die toepasbaarheid van markoriëntasie op sakestudies en programme by Technikons in KwaZulu-Natal, te bepaal.

Die studie het die opinies en persepsies van programbestuurders en gegradueerdes van sakestudies aan teknikons in KwaZulu-Natal ondersoek. Die literatuur het die ontwikkeling van die teorie en praktyk van markoriëntering geëvalueer. Relevante aspekte met betrekking tot tersiêre instansies in Suid Afrika, en die invloed van die markomgewing op Technikons in KwaZulu-Natal is ook beskryf. Tydens die navorsing is van 'n gestratifiseerde ewekansige steekproef vir gegradueerdes gebruik gemaak. Daar is besluit om as gevolg van die relatief min programbestuurders, 'n vraelys aan al die programbestuurders te stuur. Die inligting vir hierdie studie is verkry deur die analisering van die data soos verkry uit die verskillende vraelyste. Vraelyste is in vier afdelings van markoriëntering gegroepeer, naamlik generering van intellegensie, verspreiding van intellegensie, responsontwerp en –implimentering vir beide kategorië van die respondente.

Die analisering van die data het insiggewende resultate opgelewer. Die persepsies van programbestuurders en gegradueerdes met betrekking tot die vlakke van markoriëntering vir grade in bestuurswetenskappe, is beskryf. Die verskil tussen mans en dames vir beide programbestuurders en gegradueerdes, is geanaliseer. Die verskil tussen programbestuurders en gegradueerdes se verwagtinge van dienskwaliteit, is vermeld. Spesifieke aanbevelings wat die vlakke van markoriëntering by teknikons vir grade in bestuurswetenskappe sal bevorder, is gemaak.

ABSTRACT

Since 1994, a number of higher education policy documents detailing the scope for transformation and restructuring of education have been published. Diminishing financial support from government, coupled with greater public demand for improved services necessitate technikons to become innovative higher education institutions. The marketing concept, the underlying platform of market orientation, was developed for commercial organisations. It is proposed that this marketing philosophy could be extended to technikons. Technikons can learn from the private sector about improving their service delivery by using market orientation principles and concepts. The purpose of this study was to theoretically and empirically examine and evaluate the applicability of market orientation to business studies degree programmes at technikons in KwaZulu-Natal.

The study examined the opinions and perceptions of programme managers and graduates of business studies degrees from technikons in KwaZulu-Natal. The literature evaluated the developments in market orientation theory and practice, described the types and other relevant issues pertaining to higher education institutions in South Africa, and the influence of the marketing environment on technikons in KwaZulu-Natal. The research was conducted using a stratified random sample for graduates, and due to the relatively small size of sampling frame for programme managers, it was decided to send out questionnaires to all programme managers. The data for this study has been obtained by the analysis of the responses to questionnaires that were administered among graduates and programme managers of business studies degrees from technikons in KwaZulu-Natal. Questionnaires were grouped into four constructs of market orientation, viz. intelligence generation, intelligence dissemination, response design and response implementation for both categories of respondents.

The analysis of the results revealed important findings. The perceptions of programme managers and graduates on levels of market orientation for business studies degrees are reported. The difference in the constructs between males and females for both programme managers and graduates are analysed. The discrepancies between programme managers and graduates expectations of service quality are reported. Specific recommendations have been made which can improve the levels of market orientation at technikons for business studies degrees.

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CHAPTER 1

INTRODUCTION

1.1 PREAMBLE

South African higher education institutions have answered the call for the transforming of education by addressing equity and access as top priorities. It has to be recognised that the transformation of learning programmes must be accompanied by a qualitative change of teaching and learning practices. Since 1994, a number of education policy documents have been published. These documents provided the scope for the transformation and reconstruction of higher education. Technikons have addressed the challenge of supplying quality career-focused high level human resources for the South African workplace. The Committee of Technikon Principals (CTP) made a strong motivation for the introduction of technikon degrees to the Advisory Council for Universities and Technikons (AUT). The transition from diploma-awarding institutions to diploma and degree-awarding was accomplished with the passing of the Technikons Act (Act No. 125, 1993). Technikons in South Africa introduced degree programmes in January 1995. Degree qualifications with appropriate designations were first awarded in 1996, at technikons KwaZulu-Natal.

There is a compelling need for technikons to develop a clear institutional orientation towards their market. The tasks performed by marketing staff are becoming increasingly important to the viability of individual technikons as well as to that of higher education in South Africa. Technikons are faced with economic constraints and a dynamic environment, seeking to meet the demands of different constituencies. Diminishing financial support from government, coupled with greater public demand for improved services necessitate innovative means of generating additional income for higher educational institutions. Over and above these changes, public higher educational institutions are also affected by the loss of students to private higher education institutions. These changes suggest that technikons need to adapt significantly in order to survive, this is they need to be seen as commercial businesses rather than professional institutions. Contemporary marketing theory is grounded on the construct of market orientation. The adoption of a market orientation approach is necessary to find out the demands of both internal and external clients of higher learning institutions.

From the foregoing it can be surmised that against the backdrop of a transforming higher education system and to obtain maximum benefit within financial constraints, a technikon must adopt a market orientation approach. This study examines and critiques the applicability of market orientation to selected degree programmes at Technikons in KwaZulu-Natal.

1.2 DEFINING AND CLARIFYING CONCEPTS

Selected degree programmes:

For the purposes of this study, degrees programmes that fall into National Standard Bodies (NSB) 03 category and offered at technikons in KwaZulu-Natal are regarded as Business Studies degrees. The NSB 03 category includes business, commerce and management studies programmes. This study focuses only on the Baccalaureus Technologiae (B Tech) programmes, with a prescribed minimum study duration of one year full-time or two year part-time, on completion of the appropriate National Diploma or equivalent. The total credit value at exit is 4,0 and at least half of the credits should be for instructional offerings at level four. In addition, a maximum of 0,3 credits may be offered for a project instructional offering.

*(hereinafter referred to as **business studies degrees or business studies programme**)*

Technikons:

Technikons are educational institutions founded in 1967, under the name “Colleges for Advanced Technical Education” (CATEs). The adoption of the Advanced Technical Education Amendment Act (Act No. 43 of 1979) resulted in the change in designation of “technical college” to “technikon”. Technikons offer only tertiary education, and their primary role is to equip learners with knowledge, skills and attributes to fulfil the personpower requirements of the South African economy. The research involves only traditional contact technikons in KwaZulu-Natal, and excluding dedicated distance technikons.

*(hereinafter referred to as **technikon or institution**)*

Graduates

“Graduates” refers to students from technikons in KwaZulu-Natal who were awarded with the degree Baccalaureus Technologiae (B Tech) in business studies between the years 1996 and 2002.

Programme

In keeping with the principles of specialisation, it is normal practice at a technikon to segment a faculty into departments, with each department offering one or more specialised programmes. The National Commission on Higher Education has recommended a gradual shift in focus from institutions to programmes (NCHE: April, 1996). Cope & Delaney (1991:83) identify the following criteria that would assist in deciding which units, when integrated, will constitute a programme:

- the programme should include a mission statement, distinctive and independent of other programmes.
- the programme should be able to compete for students and funds.
- the programme should have operational independence, resulting in discretionary purchases, scheduling classes and teaching, and offer new curricular instructional offerings (subjects).

The criteria is often modified from technikon to technikon to cater for unique circumstances, and programme managers take responsibility for managing the relevant programmes.

1.3 AWARENESS OF THE PROBLEM AND PROBLEM STATEMENT

1.3.1 Awareness of the problem

Technikons introduced degrees to correct the misperception that technikon career-focused diploma courses are lower in status to career-focused degree courses at universities, and to satisfy professional bodies which require a degree for registration purposes. When degrees are being reviewed and validated, academics profess that the degree adequately prepares students for their future careers. However, graduates, who are in the best position to either validate or refute such claims, are seldom consulted. It seems that accreditation for degree granting institutions has focused primarily on the quality of education, while that for the non-degree granting institution has focused on employability.

There is little evidence to suggest that technikons attempt to measure the long term satisfaction of their students. Very little has been published on the opinions of graduates in respect of content of their degree courses in the context of their careers. In the business sector, various measuring instruments exist to determine the market orientation of companies. There appears to be a gap in the minds of degree/programme designers, regarding graduates' perceptions of the relevance of the content of their business studies degree to their subsequent vocational requirements. Although course development may be influenced by atypical and sporadic feedback processes, technikons appear to make little effort in monitoring the efficacy of existing courses and to develop new curricula by means of systematic and consistent study of their graduates (ex-students). The quality of course content tends to be assessed by setting up systems which evaluate what is easy to measure, rather than what really indicates a successful product in terms of the utility of its content. Often current students who are easy to contact, are most likely to be consulted to ascertain their satisfaction with their course, despite the fact they are not in a position to evaluate its true value until some years after graduation.

1.3.2 The problem statement

Education institutions need to be market-driven because their ultimate success depends on

satisfying the needs and wants of their respective target markets. Interestingly, there is evidence of more and more educational institutions recognising, the crucial role of marketing, albeit reluctantly. According to figures released by the Department of Education (CHE, 2000) since August 1999, an increasing number of South Africans are opting for studies at technikons rather than universities. Between 1993 and 1997, technikon enrolments increased by 46%, from 147 000 to 215 000. Buikema (1998:20) states that South Africa has one of the largest higher education systems on the African continent, and probably one of the largest participation rate.

The concern is to what extent have technikons adopted the marketing concept as a guiding philosophy in providing services. A newcomer in the market who has gained a significant market share is the private higher education sector. The Private higher education institutions pose an inherent threat to the growth of technikon education. A comprehensive study of this nature has to date, not, been undertaken in KwaZulu-Natal. New knowledge ought therefore, to emerge with regard to market orientation of business studies degrees, in the context of the technikon. Education is in competition with other areas of government spending, inside and outside the social welfare expenditure area, and therefore needs to increasingly legitimise its financial needs. There is adequate evidence of a growing need for innovation and change, a result of political and economic change as well as internal market factors. It seems that programme managers of business studies degrees are not sufficiently market oriented.

The reason for undertaking this study is to evaluate to what extent business studies degrees at technikons in KwaZulu-Natal are market oriented.

1.4 CONTRIBUTIONS OF THE STUDY

Over the last decade, academic and practitioner interest has been focused on the concept of market orientation. Those within the business world may differ as to what the term “market oriented” means, it is known that companies that are market driven, have added power to their bases of quality products, services and technology. The underlying ethos of market orientation is understanding customer groups with similar demand characteristics and satisfying each of them with a specific marketing mix while achieving organisational objectives.

Market orientation for Technikons would cover the following activities:

- Marketing intelligence is the starting point for a market orientation approach. It includes all the formal and informal means for generating information about students, industry, competitors, government and donor needs and preferences. Ascertaining current and future student needs and monitoring competitors and the environment is an on-going exercise at a technikon.. It follows that intelligence generation is the source of ideas for new programmes.
- Intelligence dissemination, referring both to the process and extent to which information about the market is exchanged, both vertically and horizontally and shared within the institution. The institution must adapt to market needs by communicating and disseminating marketing information amongst the functional areas.
- Responsiveness, involves the whole institution, not just marketing personnel. The first two elements have no value if the institution is not able to respond to market intelligence and the market needs. All departments must be sensitive to the needs of all the other departments in the institution. Responsiveness involves the planning of marketing programmes based on the needs of students and industry, as a result of the generated and disseminated information.
- Response implementation refers to the implementation of marketing programmes geared towards the needs of students and industry, as a result of response design. This construct provides the final dimension for the measurement of market orientation. The implementation of the marketing concept would fail if the institution does not act on the intelligence that is generated and disseminated.

Whilst research has been conducted on general aspects of technikons, it appears that no significant study has addressed the application of market orientation to business studies degrees at technikons in KwaZulu-Natal. Technikons can learn from the private sector about improving their services by adopting market orientation principles.

- The study examines ways in which market orientation is being employed at technikons in respect of business studies degrees.
- It is envisaged that this study will create new knowledge on the market orientation of business studies degrees at technikons, that is essential for management decision making.

As there is a dearth of information on the marketing of higher education institutions in South Africa, this study provides a practical discussion on the application of marketing principles at public educational institutions. In order to successfully carry out intrapreneurial activities, technikons must have a structured and administrative framework that supports a market orientation in the context of a reduced dependence on government funding. It is envisaged that this study leads to a greater appreciation of market orientation for business studies programmes at technikons and promotes further research in this area. The study makes an original contribution to the body of marketing knowledge relevant to technikons, an area where there seems to be limited knowledge. Current market planning at technikons, as far as business studies programmes are concerned, needs to be seriously addressed. This research is a step in that direction. It would empower programme managers to approach planning issues holistically and more comprehensively. Moreover, it is hoped that the research evokes an awareness and understanding among management of the possibilities and advantages of applying the marketing concept in their relevant programmes or departments, as well as at institutional level.

1.5 PURPOSE AND OBJECTIVES OF THIS STUDY

The purpose of this study is to evaluate the applicability of market orientation principles to business studies degrees at technikons in KwaZulu-Natal.

1.5.1 The goal of the study

The marketing concept, the underlying platform for market orientation, was developed primarily for commercial organisations. It is proposed that the marketing philosophy could be extended to technikons. The intellectual challenge of this study is to evaluate the applicability of market orientation theory to the unique circumstances of public higher educational institutions, with specific reference to business studies degrees at technikons in KwaZulu-Natal.

1.5.2 The objectives of the study

In order to achieve the overall goal of the study, objectives are essential. The objectives of this study are as follows:

- To present a comprehensive framework for market orientation theory and practice.
- To provide an overview of the higher education landscape in South Africa, with particular reference to technikons in KwaZulu-Natal.
- To examine the influence of the marketing environment on technikons in KwaZulu- Natal,
- To design an appropriate instrument to ascertain the perceptions of programme managers and graduates with regard to the applicability of market orientation of business studies degrees at technikons in KwaZulu-Natal, and to report on the findings of the empirical study.
- To provide recommendations for improvements in market orientation and marketing practices, for business studies programmes in technikons.

1.6 RESEARCH METHODOLOGY

The objectives of the study were achieved through a two-fold process, namely a literature study and an empirical research

1.6.1 Literature Study

A literature study was undertaken with the aim of assembling and integrating material relating to market orientation and marketing practices that are relevant to education institutions. Two distinct literature surveys were undertaken: viz, a general survey of literature on market orientation and a survey of specific literature on higher educational institutions. The theoretical framework was developed using textbooks, journal articles, newsletters, magazines, newspapers and web-sites. This study integrated the literature available to evaluate and analyse market orientation of business studies degrees at technikons in KwaZulu-Natal. From this theoretical framework, the market orientation theory and practices for the study were developed.

Contemporary practices were placed within the framework of developments at the technikons. This study evaluated the general marketing theory to the unique circumstances of higher education institutions. The study focuses essentially on the market orientation of business studies degrees, and also provides a practical discussion on the application of marketing principles applicable to technikons.

1.6.2 Empirical research and study population

This study included an empirical component comprising a questionnaire administered to programme managers and graduates of business studies degrees offered at technikons in KwaZulu-Natal.

1.6.2.1 The research instrument

The initial stage of the study comprised an investigation into the role and function of marketing

in the technikon, more especially for business studies degree programmes. The information was acquired through interviewing staff in departments, analysing the relevant policy documents, manuals, and from information supplied by programme managers. Thereafter, the study involved a self-administered questionnaire to the relevant categories of respondents. The survey instruments, (see Annexure B and C) were designed around the MARKOR instrument which measures market orientation (Kohli et. al.; 1993). MARKOR seeks to measure market orientation by collectively analysing perceptions of respective respondents. The original instrument was amended to reflect the situation in the technikon environment as against a business unit. The first questionnaire was designed to elicit both quantitative and qualitative data from graduates, who have completed their business studies degrees between the years 1996 and 2002.

The second questionnaire was designed to elicit data from programme managers about perceptions of market orientation and service quality. The study questionnaires were grouped into constructs, viz. intelligence generation, intelligence dissemination, response design and response implementation. The structured questionnaires also included questions on the demographic profile of the respondent, his/her overall rating of the quality of service, and an opportunity for respondents to provide open-ended comments.

1.6.2.2 Pretesting the questionnaire

Copies of the preliminary questionnaires were circulated among academics in the marketing discipline as well as two statisticians, to ensure validity and reliability of the instrument. Favourable feedback was received. A pilot study was also conducted to ensure that the questionnaire would enable the required data to be collected.

1.6.3 The sampling technique

A total of 1 072 graduates for the Baccalaureus Technologiae (B Tech) in business studies degrees from technikons in KwaZulu-Natal were identified for the period 1996 to 2002 (see Table 1.1). Mangosuthu Technikon have no graduates in business studies degree for the period 1996 to 2002. In this study, 400 sampling units (graduates) was selected from the sampling frame,

using a systematic sampling procedure. A total of 39 programme managers were identified within the three technikons in KwaZulu-Natal. Due to the relatively small size of the sampling frame in this study, it was decided to send out questionnaires to all programme managers i.e. a census was conducted.

TABLE 1.1 GRADUATES IN BUSINESS STUDIES DEGREES
Bachelor of Technology
TECHNIKONS IN KWAZULU-NATAL
(1996 - 2002)

YEAR	MLST	TN	TOTAL
1996	2	14	16
1997	20	24	44
1998	39	30	69
1999	74	40	114
2000	79	51	130
2001	82	206	288
2002	139	272	411
TOTAL	435	637	1 072

ML Sultan Technikon (MLST), Technikon Natal (NT)

1.6.4 Administration of the questionnaire

During the data collection process, particular attention was given to identifying and selecting the relevant programme manager, from whom to elicit the necessary data. The covering letter (Annexure A) was intended to ensure respondents were informed of the nature and purpose of the research, and to encourage response. Response was encouraged through the following means, namely, use of the institutional letterhead to evoke a sense of identity with the study, assuring respondents of absolute confidentiality and an opportunity to receive a summary of the results of the study, if so desired. The self-administered questionnaire was posted to 400 graduates of business

studies degrees, together with a self-addressed and stamped envelope, so that the questionnaire could be mailed back to the researcher. The response rate was 29,75%, with 119 respondents returning the questionnaire (see Table 1.2).

TABLE 1.2 RESPONSE RATE FOR GRADUATES

	MLST	NT	TOTAL
No. of graduates	435	637	1072
No. of questionnaires	162	238	400
Returns	52	67	119

ML Sultan Technikon (MLST), Technikon Natal (NT)

With respect to the questionnaire sent to programme managers, the researcher called personally, in some cases to clarify problems that were encountered in the completion of the questionnaire, as well as to encourage participation. A total of 36 respondents returned the questionnaires which constituted a response rate of 92.31% (see Table 1.3). The high response rate was most probably attributed to the professional association of the researcher and respondents, and the strong interest of the respondents in the study.

TABLE 1.3 RESPONSE RATE OF PROGRAMME MANAGERS (PM)

	MANTEC	MLST	TN	TOTAL
No. of programme managers	8	16	15	39
No. of questionnaires	8	16	15	39
Returned questionnaires	8	16	13	37
Rejected questionnaires	1	-	-	-
Useable questionnaires	7	16	13	36

Mangosuthu Technikon (MANTEC), ML Sultan Technikon MLST), Technikon Natal (NT).

1.6.5 Statistical testing

The necessary statistical analyses were conducted and during this process, tests were performed on the data so as to measure the integrity of the measurement scale. The data obtained from the questionnaires was analysed by a research analyst, using a programme called SPSS (Statistical Package for Social Scientists) for windows version 10.0. These are discussed at length in Chapter five.

1.7 LIMITATIONS OF THE STUDY

A limitation of the study is that it focused only on technikons in KwaZulu-Natal and only on business studies degree programmes that are offered by these institutions. Although the framework of this study was modified to accommodate the characteristics of technikons, the findings are much broader in their applicability.

South African Higher Education Institutions are in a state of transformation. It is therefore possible that respondents may have been extra cautious in responding to some of the questions..

A substantial amount of data is available as it pertains to the entire country, and not specifically for KwaZulu-Natal. Although each technikon is an autonomous tertiary education institution, it operates within the policy framework of the Department of National Education.

1.8 DIVISION OF CHAPTERS

The remainder of this thesis is structured as follows:-

CHAPTER TWO : MARKETING PHILOSOPHIES APPLICABLE TO TECHNIKONS

This chapter serves to provide the literature review and a theoretical framework for the study. Contemporary marketing theory is grounded on the construct of market orientation. This chapter commences with a comprehensive overview of the marketing concept and market orientation. A description of contemporary conceptualisations of market orientation and the implementation of market orientation is included. The criteria for measuring market orientation and the antecedents and consequences of market orientation are analysed. Relationship marketing and the application of the marketing concept to non-profit, higher education institutions is also included.

CHAPTER THREE :LANDSCAPE OF HIGHER EDUCATION IN SOUTH AFRICA

Chapter three deals with the current state of affairs in higher education in South Africa, with a particular focus on KwaZulu-Natal. The chapter examines the development and the role of business studies degrees at technikons in South Africa. The development and structure of technikons in South Africa are examined, highlighting business studies degrees. This chapter analyses the marketing policies in service industries with an emphasis on the educational sector.

CHAPTER FOUR :THE MARKETING ENVIRONMENT OF TECHNIKONS IN KWAZULU-NATAL.

This chapter examines the three elements of the marketing environment, namely the macro-environment, market environment and micro-environment. The six variables of the macro-environment and their influence on the technikons are analysed. The key variables in the market environment, namely, consumers, competition and suppliers are then examined in the context of technikons. The chapter then examines the elements of the micro-environment of the technikon, namely, the mission statement, strategic marketing planning, the marketing mix at technikons, as well as and quality.

CHAPTER FIVE :RESEARCH FINDINGS AND DISCUSSION OF RESULTS

This chapter includes a descriptive statistical presentation of the key demographic characteristics of the respondents. This is followed by an analysis of the findings on the four constructs that are embodied in this study, namely, intelligence generation, intelligence dissemination, response design and response implementation. All significant findings are accompanied by numerical and graphical representations so as to assist in the interpretation and understanding of the results.

CHAPTER SIX : REVIEW, CONCLUSION AND RECOMMENDATIONS

This chapter includes the salient aspects examined in the preceding chapters and provides a summary of the significant findings of the empirical study. Based on conclusions drawn from the study, this chapter includes recommendations for the effective implementation of market orientation with regard to business studies programmes at technikons in Kwa-Zulu Natal. Direction is also given on areas arising out of this study, that can be further researched. The chapter concludes with a contribution of this study to new knowledge.

1.9 LIST OF ACRONYMS

AUT	:	Advisory Council for Universities and Technikons
CESM	:	Classification of Education Subject Matter
CHE	:	Council for Higher Education (in South Africa)
CTP	:	Committee of Technikon Principals (in South Africa)
DOE	:	Department of Education
ETQAs	:	Education and Training Quality Assurer(s)
FTE	:	Full-Time Equivalent
HBI	:	Historically Black Institution
HEI	:	Higher Education Institution
HEQC	:	Higher Education Quality Committee
HET	:	Higher Education Training Band
HWI	:	Historically White Institution
NCHE	:	National Commission on Higher Education (in South Africa)
NPHE	:	National Plan for Higher Education (in South Africa)
NSBs	:	National Standard Bodies
NQF	:	National Qualifications Framework
SAPSE	:	South African Post Secondary Education System
SAQA	:	South African Qualifications Authority
SGBs	:	Standard Generating Bodies

CHAPTER TWO

MARKETING PHILOSOPHIES APPLICABLE TO TECHNIKONS IN KWAZULU - NATAL

2.1 Introduction

In the first chapter it was established that the main focus of this study is on the applicability of market orientation to business studies degrees. The marketing concept, the underlying platform of market orientation, was developed for commercial organisations. It is being proposed that the marketing philosophy could be extended to technikons. Technikons can learn from the private sector about improving their service delivery by using market orientation principles and concepts. Contemporary marketing theory is grounded upon the construct of market orientation.

The second chapter commences with a comprehensive overview of the marketing concept and market orientation. The subsequent sections describe the contemporary conceptualisations of market orientation and the implementation thereof. The review of relevant literature lays the foundation for this research. The following sections examine the criteria for measuring market orientation and the antecedents and consequences of market orientation. The generic nature of market orientation has relevance to a range of themes within the marketing discipline. Finally, chapter includes a section on relationship marketing, and the application of market orientation in non-profit/ tertiary educational institutions. Chapters two, three and four provide a conceptual framework in which facts, relationships and findings of this research study are placed, and it assists to refine and introduce ideas that are relevant to the scope of the study.

2.2 Marketing concept

This section on the review of the marketing concept is divided into five areas: the first focuses on the development and description of the marketing concept; the second examines the components of the marketing concept; the third explores the limitations, while the fourth addresses an alternate view of the marketing concept, and finally, the new marketing concept is

articulated.

2.2.1 Development and description of the marketing concept

For many years the importance of the marketing concept has been espoused in marketing literature. And over the years the volume of published literature on market orientation has increased dramatically, so much so that a journal dedicated to *“delineating or questioning the market oriented construct”*, has been established (Morgan and Strong, 1998:1052). During the 1960s the marketing concept was regarded as the saviour of firms, the 1970s saw the marketing concept being questioned because it was unresponsive to wider societal perspectives, while in the 1980s the marketing concept brought about discontent because it was perceived as placing too much emphasis on the segmentation of markets and the value of customers' desired needs (Morgan, 1996:21). The concept began as a business philosophy, and is as important for non-profit organisations as it is for business firms. Perreault & McCarthy (1999:41) assert that the marketing concept is helpful in any type of firm. The marketing concept, as currently defined in the marketing literature, holds that organisational success *“depends on determining the needs and wants of target markets and delivering ... satisfactions [to those markets] more effectively and efficiently than competitors do”* (Kotler & Armstrong, 1994:13). Jobber (1995:5) expresses the marketing concept as *“the achievement of corporate goals through meeting and exceeding customer needs better than competition”*. Kotler (2000:19) expresses the marketing concept in a number of ways:

- “Marketing needs profitably.”
- “Find wants and fill them.”
- “Love the customer, not the product.”
- “Have it your way.” (Burger King)
- “You're the boss.” (United Airlines)
- “Putting people first.” (British Airways)
- “Partners for profit.” (Milliken & Company)

It is reported by Caruana and Ewing (1997:295) that the marketing concept can be described in

three ways : as a philosophy, as a concept, and as presently implemented. They submit that much of the confusion in comprehending the marketing concept stems from a failure to distinguish between marketing as a culture, as a strategy, and as a tactic. There are many definitions and interpretations of the marketing concept. Morgan (1996:23) reports on the following with respect to the the marketing concept:

- Historical evidence identifies marketing as the most crucial management function within the organisation.
- Many examples of poor implementation of the marketing concept have been identified, indicating a poor link between marketing concept and marketing practice.
- The marketing concept does not sufficiently recognise the responsibility of the firm to the consumer, society and the employees within the company.
- An exaggerated emphasis on the marketing concept within the firm has been blamed for a decrease in productivity, competitiveness and innovation.

From the above it can be deduced that the customer is central to the operation of the firm and that the marketing concept is a business philosophy that should permeate all activities of the firm. A cursory examination of marketing literature brings to light two important realities:

- Despite the centrality of the marketing concept and the perceived importance of a market orientation for business success, academics have not devoted sufficient effort to this area of research in comparison with other, perhaps less pivotal, subjects (Kohli & Jaworski, 1990:1-18).
- Currently there is little consensus within the academic and practitioner communities with respect to implementation of the marketing concept and what it means to be market oriented (Kimery & Rinehart, 1998:117).

Kotler (2000:19) affirms that the marketing concept holds the key to attaining the institutional goals, consisting of the organisation being more effective than its competitors in creating, communicating and delivery customer value to target markets. For an organisation to act in accordance with the marketing concept, it must inculcate and communicate the relevant values

and build a set of norms to guide relevant behaviour of employees.

2.2.2 Components of the marketing concept

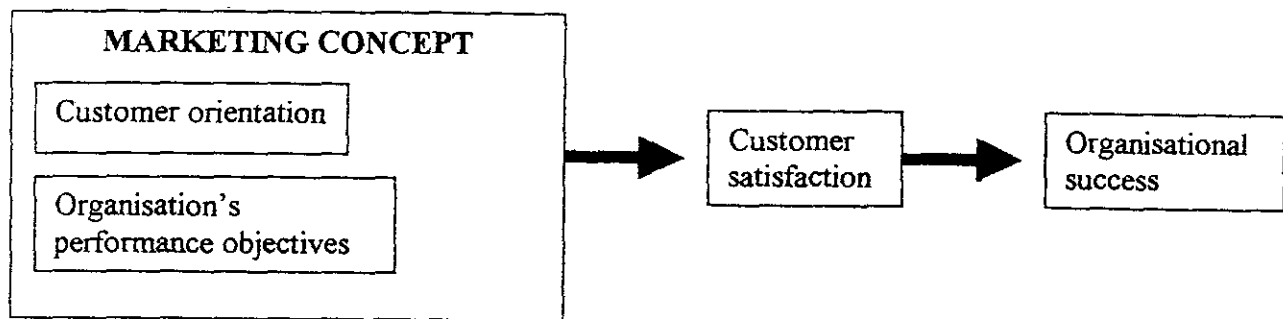
Perreault & McCarthy (1999:36) emphasise that the marketing concept should be a guiding philosophy for the whole organisation, and not just for the marketing department. The marketing concept rests on four key components, namely, target markets, customer needs, integrated marketing, and profitability (Kotler; 2000:19):

- **Target Markets** - Organisations that choose their target markets with care and deliver tailored marketing programmes perform exceptionally well. Marketers take necessary action to respond to the demands of target customers after generating knowledge of customer needs and wants.
- **Customer Needs** - A creative marketer discovers and produces products customers did not ask for or even think possible, but would respond enthusiastically to. When customers vote against the service of an institution, the institution runs at a loss and when they vote in favour of the service, the possibility for profit realisation is realistic. Higher educational institutions need to provide what the customer wants and not what the institutions thinks the customer wants.
- **Integrated Marketing** - Integrated marketing takes place when all the organisation's departments work together to serve the customer's needs. There is tendency for managers to concentrate on their departments and neglect the integration function with other department. This often results in conflict which has to resolved by effective top management. Integrated marketing effort involves total organisational unity to achieve marketing objectives. The marketing activities performed by the various academic departments at a technikons should: be integrated and co-ordinated by a specialist.

- Profitability - The focus of any organisation should be on achieving profitability rather than mere attainment of sales volume. Profitability is measured in terms of return on investment. The purpose, then, of the marketing concept is for the institution to achieve this objective by satisfying customer needs better than its competitors.

Similarly, Etzel et al. (2001:9) contend that the marketing concept emphasises customer orientation and coordination of marketing activities to achieve the firm's performance objectives measured in terms of profit. This may not necessarily be applicable to all non-profit organisations. This belief is illustrated in Figure 2.1.

Figure 2.1 COMPONENTS AND OUTCOMES OF THE MARKETING CONCEPT



Source : adapted from : Etzel et al. (2001:11)

According to Kotler (2000:24), most organisations embrace the marketing concept for the following reasons : sales decline, slow growth, changing buying habits, increasing competition, and increasing marketing expenditures. The success in the implementation of the marketing concept would depend on management's excitement in embracing and endorsing the concept, and permeating the entire organisation.

2.2.3 Limitations of the marketing concept

The value of the marketing concept has been supported by a number of academics, and inter alia,

Jobber (1995:13) has made the following observations:

- The marketing concept as an ideology - in spite of the importance of consumer orientation for firms, the concept has not been fully implemented after forty years.
- Marketing and society - the provision of customer satisfaction is a simple means to achieve a firm's profit and does not necessarily guarantee the protection of the consumer's welfare.
- Marketing as a constraint on innovation - to rely on customers to guide development of new products may have severe limitations because customers have difficulty articulating needs beyond the realm of their own experience.

In spite of the above discussion it is reasonable to suggest that firms need to recognise the potential of marketing and endeavour means to implement the marketing concept.

2.2.4 An alternate view of the marketing concept

Since the introduction of the marketing concept in the early 1960s, many authors have addressed questions concerning the utility and optimality of a business philosophy grounded in the concept. While some authors have examined the meaning of the term "marketing concept", others have focussed on market orientation, which is considered to be the implementation of the marketing concept (Kimery & Rinehart, 1998:117).

An organisation's constituencies encompass the different groups of individuals and firms that have some interest in the organisation's decisions, activities and outcomes. A list of constituencies with which any business organisation is likely to have some form of exchange relationship include customers, competitors, middlemen, shareholders, suppliers of credit, banks and organised labour. The technikon has diverse constituents with different and sometimes conflicting expectations of what the technikon should be offering. These various constituency groups hold varied interests in the organisation's activities. The main constituents are current students who make up the largest

population segment of the institution. Kimery & Rinehart (1998:120) are of the opinion that the constituency approach suggests that the key to a firm's success lies in its ability to monitor, prioritise and manage the demands placed on the firm by all of its constituencies at any given time and not in the firm's responsiveness to a single group.

2.2.5 The new marketing concept

The old marketing concept was first articulated in the 1950s, relevant to the economic history of that era, and has been considered inappropriate in the competitive global markets of the 1990s (Webster, 1992 a: 23). Global competition is a fact of economic life for industrialised nations of the world and for most of the developing economies, including South Africa. According to Webster (1992 a: 24), the concept of customer value is the heart of the new marketing concept and must be the core element of all business strategy. The thrust of his argument is that all firms, including manufacturing organisations, should identify themselves as service organisations because customers buy benefits, not products.

In the contemporary business world, it is often accepted that the loss of a customer can be regarded as the best thing to happen, if the customer cannot be satisfied at a reasonable cost. In the twenty first century, it seems that the key to survival for most businesses will be retaining their best customers, rather than attracting hordes of new customers. In an influential article, Svensson (2001:97) contends that the dependence that exists among organisations in a marketing channel influence the marketing concept. The thrust of his argument is that it is not sufficient to satisfy the customer's needs and wants, and not to neglect the needs and wants of the customer's customer and eventually the ultimate consumer in the marketing channel. The guidelines that are essential for firms that hope to be competitive in the global marketplace are aptly summarised by Webster (1992 b: 10) as follows:

- Create customer focus.
- Listen to the customer.
- Define and nurture your distinctive competence.
- Define marketing as market intelligence.

- Target customers precisely.
- Manage for profitability, not sales volume.
- Make customer value the guiding star.
- Let the customer define quality.
- Measure and manage customer expectations.
- Build customer relationships and loyalty.
- Define the business as a service business.
- Commit to continuous improvement and innovation.
- Manage culture along with strategy and structure.
- Destroy marketing bureaucracy.

The new marketing concept permeates the entire firm and is more than a philosophy; it is the way of doing business in the twenty first century (Webster, 1992 b : 16). An alternative view is presented by Michael (1997:126) that higher education institutions provide their services under two opposing philosophies, namely, “consumerism” and “professorialism”. Consumerism is a business philosophy that regards the consumer as “king”. The term “professorialism” is an ideology of academic world that regards the academician as the “king”. The technicians need to balance the students’ needs and preferences with maintaining the institution’s academic reputation, within the National Plan for Higher education.

2.3 Market orientation

The section on market orientation is divided into four areas: The first deals with the approach and classification of market orientation; the second looks at the description of market orientation; the third deals with the key activities in market orientation, and the final section addresses the characteristics of market orientation.

2.3.1 Approach and classification of market orientation

Primarily over the last thirty years, the marketing concept evolved to reflect a philosophy of conducting business that can be considered the central ingredient of a successful firm’s culture.

Market orientation has been identified as a managerial focus that can enhance the firm's performance. Market orientation is the realisation that an organisation's marketing effort is the business of all departments and functions (Guiltinan, Paul & Madden, 2000:11). The essence of the market orientation concept is still under debate. Lado and Maydeu-Olivares (2001:134) identify two different approaches that seem to prevail: the first considers market orientation as organisation culture and the other considers it as a specific set of behaviours. Market orientation is a culture that seems to have a far-reaching impact on organisations as it influences how employees think and act. Market orientation is considered to be distinct from marketing orientation in the sense that market orientation addresses organisation-wide concerns while marketing orientation concentrates a functional focus on the marketing department (Morgan and Strong, 1998:1052).

Lafferty and Hult (2001:93) report that studies in the United Kingdom that have examined the importance of the marketing concept have identified four distinct paths to marketing that most firms go through as they evolve toward a full market orientation. They further state that while the interest in the developments of the marketing concept has persisted, of late, substantial attention has shifted to the implementation of the marketing concept. The level of market orientation of an organisation depends on the degree to which the marketing concept has been implemented. This has resulted in market orientation becoming synonymous with the implementation of the marketing concept. Shapiro (1988:121) argues that the terms "market orientation", "marketing orientation", "market driven" and "close to the customer" are synonymous, with a few distinctions. Harris (2000:598) classifies the existing research on market orientation into four main themes:

- Theoretical analysis of the philosophical foundation of market orientation, known as "marketing concept".
- Definition and operationalisation of market orientation.
- Relationship between market orientation and performance in differing national contexts and environmental conditions.
- Identification of potential barriers in the development of market orientation.

In a leading article, Slater (2001:230) concludes that a market oriented organisation is well

positioned to address marketplace evolution and to respond to new customer value focussed capabilities with the development of innovative goods and services.

2.3.2 Description of market orientation

The marketing literature includes a variety of descriptions of market orientation. A culture of market orientation is believed to positively impact on an organisation as it influences how employees think and act. The term market orientation is used to describe the implementation of the marketing concept. Market orientation is seen as a business philosophy that underlies business success. The marketing concept has been the cornerstone of modern marketing in the last fifty years. Although there is no consensus on the definition of market orientation, the definitions of Kohli and Jaworski (1990) and Narver and Slater (1990) appear to have gained wide acceptance by many academics and business practitioners (Gray, et al., 1998:885).

Market orientation has been defined by Kohli & Jaworski (1990:6) as the organisation-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation-wide responsiveness to it. This definition encompasses three business activities:

- Intelligence gathering with regard to customer needs.
- Intelligence dissemination among departments.
- Organisational responses to this market intelligence.

Narver & Slater (1990:21) define market orientation as customer orientation and competitor orientation, and their inter-functional co-ordination, which involves intelligence and dissemination, and managerial action. This description complements that of Kohli and Jaworski (1990), and encompasses three behavioural components:

- Customer orientation - recognising customer needs in order to provide superior value.
- Competitor orientation - taking cognisance of the capabilities and aspirations of competitors.

- Inter-functional coordination - applying company -wide resources to create value.
(A detailed discussion of the above behavioural components follows in section 2.3.3)

From the above descriptions, two perspectives of market orientation can be identified; viz. philosophical and a behavioural perspective.

Gounaris and Avlonitis (2001:354) have argued that a true market orientation needs a synthesis of a philosophy and behavioural perspective. Deng and Dart (1994:726) have synthesised the models of Kohli and Jaworski (1990) and Narver and Slater (1990) and define market orientation as the implementation of a particular business philosophy called the marketing concept. They expand the definition further to include the generation of relevant market intelligence to current and future customer needs and the relative abilities of competitive firms to satisfy these needs; the integration and dissemination of such intelligence across departments; and the co-ordinated design and execution of the firm's strategic response to market opportunities. A recent study (Lado and Maydeu-Olivares, 2001:134) summarise four different theoretical conceptions of market orientation by outlining their respective components (See Table 2.1).

It seems that the term "market oriented" is preferred over "marketing oriented" as it emphasises an organisation-wide application (Kohli & Jaworski, 1990; Narver & Slater, 1990) whereas marketing orientation is seen to be specific to the activities and functions of marketing department or section. According to Perreault & McCarthy (1999:41), marketing is being more widely accepted by non-profit organisations, ranging from government departments, public hospitals, educational institutions, political parties and charitable organisations. Based on the current marketing literature, it can be argued that market orientation can be applicable to tertiary educational institutions and can be regarded as the degree to which educational institutions generate, communicate and act on information about their clients' (students and employers) needs and preferences and the factors that influence them.

TABLE 2.1 ALTERNATE CONCEPTIONS OF MARKET ORIENTATION

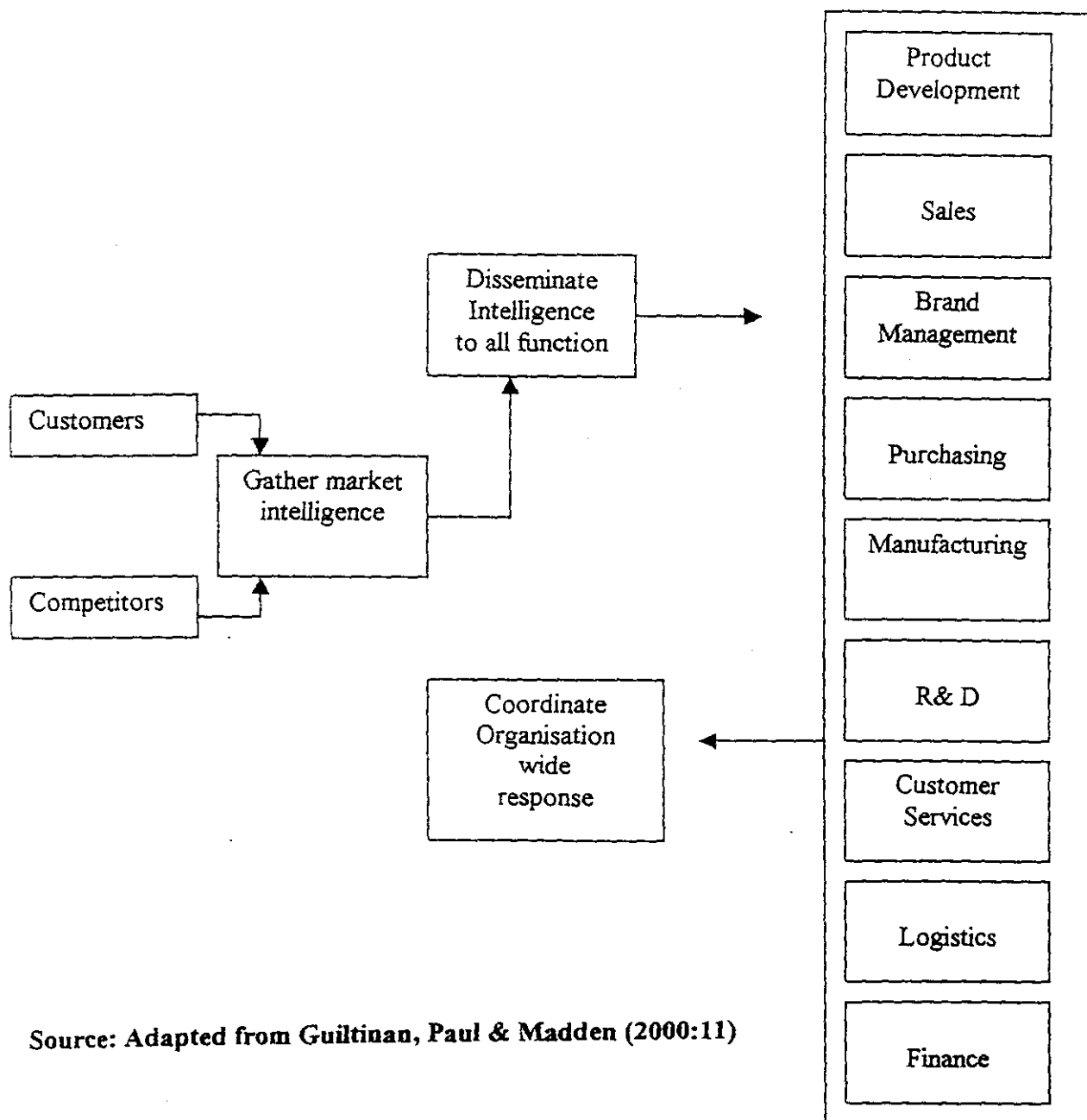
AUTHORS	COMPONENTS OF MARKET ORIENTATION
Kohli and Jaworski (1990)	Generation of market intelligence Dissemination of market intelligence Entire organisation's capacity to respond
Narver and Slater (1990)	Customer oriented Competitor oriented Inter-functional co-ordination
Deng and Dart (1994)	Customer oriented Competitor oriented Inter-functional co-ordination Profit oriented
Lamin (1996) and Lado, Maydeu-Olivares and Rivera (1998)	Information gathering and analysis on: <ul style="list-style-type: none"> * final customers * distributors * competitors * environment Inter-functional co-ordination Strategic actions on: <ul style="list-style-type: none"> * final customers * distributors * competitors * environment

Source : Lado and Maydeu-Olivares (2001:135)

2.3.3 Key activities in market orientation

In essence of market orientation (see Figure 2.2) is the fulfilment that the organisation's marketing effort, which is the business of all departments and functions (Gultinan, Paul & Madden, 2000:11). The marketing function is responsible for the identification of consumers needs and preferences.

Figure 2.2 Key Activities in Market Orientation



Source: Adapted from Gultinan, Paul & Madden (2000:11)

2.3.4 Characteristics of market orientation

A market oriented firm gathers information about its customers, competitors and markets. This information is addressed holistically, in order to deliver superior value to the company's customer. According to Lichtenthal & Wilson (1992 : 193), market orientation consists of three behavioural components, namely, customer orientation, competitor orientation, and inter-functional orientation. For most firms it is likely to be a long and difficult process to become market oriented. The characteristics of market orientation indicate a strong customer focus. Shapiro (1988:121) intonates that understanding the strengths and weaknesses of the competition is also part of being a market oriented firm.

2.3.4.1 Customer orientation

A customer orientation should include the active encouragement of customer comments and complaints, outstanding after-sales service, frequent evaluation of products/services and regular measurement of customer satisfaction levels. The market oriented firm considers clients' requirements and effectively organises the firms' resources to satisfy clients (Craven, 2000:6). It is imperative that the market oriented firm embarks on a mission to determine values customers want to assist the client in satisfying their purchase objectives. Every employee needs to look at their job as including a market element. Primary interest of marketing is focussed on customer needs. Lafferty and Hult (2001:98) rightly suggest the creation of value is attained with the increase of benefits to customers while decreasing costs. They further contend that this level of understanding of customer needs necessitates gathering relevant information about the customers and understanding the constraints of macro-environmental factors. This they argue, will propel the firm to take cognisance of the needs of present as well as future customers and devise appropriate plans to satisfy those needs.

2.3.4.2 Competitor orientation

A competitive orientation entails regular monitoring of competitor activity, the collection of market information on competitors and the development of marketing plans. The globalization,

deregulation and the emergence of more sophisticated customers have resulted in a more competitive environment. A market oriented firm focuses on competitors and customers. The competitor orientation described by Narver and Slater (1990:21) demands that the firm understand the strengths and weaknesses of current and future competitors and in addition, their long term capabilities and strategies. Cravens (2000:7) cautions that a failure to recognise and react to competitive threats can result in major disaster for the organisation. It can be assumed that organisations that are market oriented would better understand the changes in the marketing environment, realise the competitor threat and develop strategies to address the challenges. In this regard, Slater and Narver (1995:67) suggest that a true market orientation should maintain a balance between existing and potential competitors which should “encourage a sufficient willingness to take risks”. Market orientation should permeate every organisation, focussing on the customer, to derive a sustainable competitive advantage.

2.3.4.3 Inter-functional orientation

Inter-functional orientation involves the effective use of marketing information within various departments. This involves all departments in the preparation of business plans and strategies and the integration of activities between departments and the integration of marketing personnel within other departments. In addition, regular inter-departmental meetings are necessary to address market trends and customer needs (Gray, et al., 1998:901). Market oriented firms are effective in achieving all management functions to work in such a way so as to achieve superior customer value (Cravens, 2000:8). Market oriented firms communicate within the various functions, marketing consults with production and finance and so on. If each person functions only within the departmental group norms, then these individuals will perform to achieve their primary function at unnecessary marginal expense to the organisation. Kohli & Jaworski (1990 : 7) identify three classes of antecedent factors affecting an organisation’s degree of market orientation; viz, senior management, inter-departmental dynamics and organisational systems. Lichtenthal & Wilson (1992:193), believe that if the entire organisation is market oriented, the traditional functional areas are subordinated to a market orientation. They further state that this will result in traditional functional barriers becoming permeable, so that persons in other functional areas will realise how to act toward each other and their customers in accordance with a market

orientation. Achieving the inter-functional co-ordination that is necessary to implement market orientation is no easy task. As long as functional managers, for example, purchasing, finance and production behave in a manner that reflects the norms of their specific functions, the adoption and implementation of a market orientation throughout the firm will be restricted (Lichtenthal & Wilson, 1992:200).

2.4 Contemporary conceptualisations of market orientations

It was reported earlier that there is some differentiation in the literature on the use of marketing orientation versus market orientation. According to Perreault and McCarthy (1999:35) marketing orientation is the implementation of the marketing concept. The traditional marketing orientation emphasised customer orientation, focussing on consumer needs and organisation's profit (Lafferty and Hult, 2001: 94). They submit further that market orientation is the more recent term for implementing the marketing concept. Slater (2001: 232) argues that a market orientation is not a marketing orientation because marketing is only one management function of any organisation and market orientation is the responsibility of all the departments of any firm. The five recent perspectives on market orientation have been summed up by Lafferty and Hult (2001:95) as follows:

- the decision-making perspective
- the market intelligence perspective;
- the culturally based behavioural perspective;
- the strategic perspective; and
- the customer orientation perspective

(See Table 2.2 for a summary of representative references in each area).

The decision making perspective is identified by Shapiro (1988:120) as: *"It's far more than the cliché 'getting close to the customer' ... the term market oriented represents a set of processes touching all aspects of the company"*. According to Lafferty and Hult (2001:96) the above conceptualisation of market orientation would require a strong commitment by management and information must be shared between functional and divisional personnel. They suggest that

functions and divisions must communicate and express themselves openly. The sharing of ideas and discussion of alternative solutions would enhance the strengths of a market oriented organisation.

The market intelligence perspective is articulated by Kohli and Jaworski (1990:6) who believe that *“Market orientation is the organisation wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation wide responsiveness to it”*. Market intelligence is conceptualised as a broader concept, beyond the verbalised needs and preferences of the customer. The firm’s ability to address the market needs would be largely dependent on the effectiveness of communication and dissemination of market intelligence among functional areas (Lafferty and Hult, 2001:97).

The culturally based behavioural perspective is explored by Narver and Slater (1990:21) as : *“Market orientation is the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continues superior performance for the business”*. This conceptualisation of market orientation includes a behavioural component consisting of customer orientation, competitor orientation and inter-functional coordination (Lafferty and Hult, 2000:99). They further emphasise that in the absence of interfunctional coordination, there is an urgent need to cultivate this behavioural perspective, stressing the inherent advantages in cooperation within the various departments in the firm.

The strategic focus perspective is conceptualised by Ruekert (1992:228) as : *“The level of market orientation in a business unit is the degree to which the business unit obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customer needs and wants”*. Based on the previous definitions it would appear reasonable to conclude that the above definition is an extension of the definitions of Kohli and Jaworski (1990) and Narver and Slater (1990). This definition focuses on a business unit rather than the individual market as a unit of analysis (Lafferty and Hult, 2001:99).

Table 2.2 Summary of the market orientation literature

PERSPECTIVE AND YEAR	REPRESENTATIVE REFERENCES
Decision-making process (1998)	Glazer (1991) Glazer and Weiss (1993) Shapiro (1988)
Market intelligence (1990)	Avlonitis and Gounaries (1997) Cadogan and Diamantopoulos (1993) Cadogan et al. (1998) Hart and Diamantopoulos (1993) Hooley et al. (1990) Jaworski and Kohli (1993) Jaworski and Kohli (1996) Kohli and Jaworski (1990) Kohli et al. (1993) Maltz and Kohli (1996) Selnes et al. (1996)
Culturally based behaviours (1992)	Cadogen and Diamantopoulos (1995) Han et al. (1998) Narver and Slater (1990) Narver and Slater (1998) Narver et al. (1998) Siguaw and Diamantopoulos (1995) Siguaw et al. (1994) Slater and Narver (1992) Slater and Narver (1994)
Strategic marketing focus (1992)	Day (1994) Day and Nedungadi (1994) Gatignon and Xuereb (1997) Morgan and Strong (1998) Moorman (1998) Ruekert (1992) Webster (1992)
Customer orientation (1993)	Deshpande and Farley (1998a) Deshpande and Farley (1998b) Deshpande et al. (1993) Siguaw et al. (1994)

Source : Lafferty and Hult, 2001 : 95

The customer orientation perspective is described by Deshpande et al. (1993:27) as : *“Customer orientation 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-term profitable enterprise”*. Lafferty and Hult (2001:99) point out that this definition of market orientation is more divergent and suggest that it is synonymous with customer orientation, excluding the competitor focus.

Many of the current market orientation perspectives are from researchers who addressed consumer products in business firms. From the literature review, it could surmise that the two most widely quoted studies on market orientation are the those of Kohli and Jaworski (1990) and Narver and Slater (1990). The four areas of market orientation perspectives that are widely recognised are customer orientation and market focus, competitor orientation, profit orientation and integrated marketing efforts (Siu and Wilson, 1998:295).

2.4.1. Types of market orientation

The review of literature on market orientation leads to the conclusion that market orientation is currently viewed as an informational and cultural attribute of an organisation. It describes the market understanding and responsiveness to customer imperatives by the organisation. Further, existing research findings indicate that an organisation with a low level of market orientation is characterised by various behaviours, structures, systems and strategies. In an article, Harris and Piercy (1999:638) argue a critical issue of whether different “degrees” or “levels” of market orientation exhibited by a company provide a basis for discussing “types” of market orientation. In their view, in the absence of an empirical basis for proposing a progression of firms along a continuum of market orientation, the manifestation of different levels of market orientation defines different “types” of market orientation at a given point in time. They further identify the following stereotypical models of market orientation:

- **Myopic marketer** : they show relatively low scores in all three elements of market orientation: intelligence generation, intelligence dissemination and responsiveness. These firms achieved some market orientation and showed the lowest performance.

- Obsessive marketer : consists of firms with higher scores on each element of market orientation. This stereotype is an organisation with less centralisation and formalisation and more inter-functional connectedness. This group of firms showed the highest performance levels.
- Market focussed : shows an intermediate position on market orientation measure and on the organisational attributes and performance levels. Within the same environment, market orientation manifests itself in different ways, which seems to be linked the firm's characteristics and management style.

The above stereotypical models provide some basis for management to evaluate the type of market orientation achieved by their organisation and draw comparisons with competitors. An alternative view, presented by Dobni and Luffman (2000: 898) is that a firm's market orientation may be regarded as a range that could extend from zero to some maximum figure, depending on how it is measured. The degree of market orientation is influenced by competition, managerial values and goals, and the firm's resources and this would invariably result in firm's not attaining desired or ideal levels of performance. They also submit that managers need to address the level of market orientation they should pursue and take cognisance of market orientation factors that would have the greatest impact on their organisation.

2.5 Implementation of market orientation

To become market oriented, firms need to change their opinions of the market, as well as their perspective. A firm that wishes to become market oriented should state its mission as attaining a market orientation throughout the firm without setting specific departmental guidelines, resulting in departments flexibility to achieve some market orientation (Lichtenthal & Wilson, 1992:203). The organisation must analyse the current system and prepare a plan to create the norm structure that will support the degree of market orientation. The entire firm needs to know how a strong market orientation supports total business effort. Gounaris and Avlonitis (2001:354) argue that in spite of the significant research conducted on market orientation, and not understanding the fact that they work in environments that encourage market orientation developments, many

organisations fail to develop it. A firm should institute changes so that the entire firm moves towards a market orientation that is embedded and irreversible (Lichtenthal & Wilson, 1992:205).

Lado and Maydeu-Olivares (2001:141) have found that US firms seem to devote significantly greater efforts to analyse the environment and implement environment focussed strategic actions. However, European companies' environmental analysis and actions translate into better levels of innovation, while US companies' environmental efforts do not. Market orientation should be a visible hand that guides the behaviour of individuals each day in executing their functions. According to Gounaris and Avlonitis (2001:354) a true market orientation adoption requires a synthesis of a philosophy, attitude and behavioural perspective. The implementation of market orientation is a difficult task because it would depend on achieving inter-functional coordination (Guiltman, Paul & Madden, 1997:14). Masiello (1998: 85-93) identifies four reasons for many companies not being market orientated:

- functional areas do not understand the concept of being market driven;
- most employees do not know how to translate their classical functional responsibilities into market/customer responsive actions;
- most functions do not understand the role of other functions;
- employees in each functional area do not contribute meaningful input to the marketing direction of the enterprise.

In the above regard, Harris and Ogbonna (2001:748) point out that management behaviour is a significant obstacle in market orientation development. They also submit that management behaviour is an important factor in instigating and installing improved market orientation.

Houston (1986:81-87) asserts that market orientation is counter productive in the following circumstances:

- there is no demand for a particular good or service;
- there is no supply of a desired good or service;
- the terms of the exchange are unchangeable;
- the transactions involved are subject to product-related constraints; and
- the cost of collecting information is greater than its value.

According to Kimery & Rinehart (1998:119), the above arguments have the following shortcomings:

- the alternate costs and risks associated with formulating strategic decisions without sufficient information is ignored;
- the value of “negative” information in minimising decision errors are overlooked;
- the range of marketing mix adaptations are not fully addressed; and
- constituencies or “exchange partners” besides direct buyers are not considered.

The adoption of market orientation by firms in the consumer market have been greater than in the industrial market. Gounaris and Avlonitis (2001:357) argue that despite the traditional increased emphasis that consumer goods manufacturers place on marketing, industrial goods manufacturers should develop market orientation, both as a culture and as specific applications.

2.5.1 Measuring market orientation

Most studies measure market orientation by applying criteria originally developed by Narver and Slater (1990), Kohli and Jaworski (1990) or a variation of these scales (Gounaris and Avlonitis

(2001:355). Narver and Slater (1990) have developed and validated an instrument that measures market orientation, encompassing the major dimensions of customer orientation, competitor orientation and inter-functional co-ordination. The instrument consists of fifteen items, describing the various business practices and gauging market orientation from a behavioural perspective. Kohli and Jaworski (1990) share the behavioural concept, developing an instrument to measure market orientation, encompassing the intelligence related business practice. The notions of intelligence collection, intelligence dissemination and response to intelligence is captured. Harris (2000:603) argues that despite the popularity of the Narver and Slater (1990) measure of market orientation, the construct has been subject to academic criticism and has not been applied widely.

Gounaris and Avlonitis (2001:356) conclude that both the above measures are behavioural in nature, focussing on a broad description of organisation practices. In addition, both the above measures can be used to measure the extent to which a firm has developed market orientation as a behavioural notion, that have been validated for face, discriminant and concurrent validity. The importance of market orientation among marketing researchers has generated keen interest in its measurement. Jaworski and Kohli (1993: 65) identify a list of characteristics (See Table 2:3) to assess the degree of market orientation of an organisation.

The original 32-item scale is depicted by Jaworski and Kohli (1993) has been developed into the 20-item MARKOR by Kohli et al. (1993:467-77). The latter developed a research methodology called MARKOR, to measure the market orientation of a company or a strategic business unit. The market orientation measure (MARKOR) assesses the degree to which an organisation :

- engages in inter-department market intelligence generation activities,
- disseminates market intelligence vertically and horizontally through formal and informal channels, and
- develops and implements marketing programmes on the basis of intelligence generated.

The key attributes of MARKOR include the following:

- a focus on customers of the organisation and the forces that drive their needs and preferences,
- activity-based items, not a business philosophy, and
- a separation of a general market orientation factor and associated component factors.

The relevance of MARKOR is supported because it addresses a general measure of one of marketing's central constructs. Harris (2000:603) argues that although the Kohli et al. (1993) measure of market orientation has been applied in a number of differing contexts, the 20-item MARKOR needed some adaptations for use in a retailing/service context. They suggest the following adaptations:

Original references in Kohli et al. (1993) measure to:

- "end users"
- "product or service needs"
- "this business unit"
- "services" and
- "product development efforts"

to be adapted to the context and become:

- "customers"
- "needs"
- "we", "this company" or "this organisation"
- "service" and
- "efforts".

Table 2:3 Measuring Market Orientation

The market orientation of a firm is greater to the extent management would agree (A) or disagree (D) with each statement listed.

INTELLIGENCE GENERATION

1. In this business unit, we meet with customers at least once a year to find out what products or services they will need in the future. (A)
2. Individuals from our manufacturing department interact directly with customers to learn how to serve them better. (A)
3. In this business unit, we do a lot of in-house market research. (A)
4. We are slow to detect changes in our customers' product preferences. (D)
5. We poll end users at least once a year to assess the quality of our products and services. (A)
6. We often talk with or survey those who can influence our end users' purchases (eg., retailers, distributors). (A)
7. We collect industry information through informal means (e.g., lunch with industry friends, talks with trade partners). (A)
8. In our business unit, intelligence on our competitors is generated independently by several departments. (A)
9. We are slow to detect fundamental shifts in our industry (eg., competition, technology, regulation). (D)
10. We periodically review the likely effect of changes in our business environment (eg., regulation) on customers. (A)

INTELLIGENCE DISSEMINATION

1. A lot of informal "hall talk" in this business unit concerns our competitors' tactics or strategies. (A)
2. We have interdepartmental meetings at least once a quarter to discuss market trends and developments. (A)
3. Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments. (A)
4. Our business unit periodically circulates documents (e.g., reports, newsletters) that provide information on our customers. (A)
5. When something important happens to a major customer or market, the whole business unit knows about it in a short period. (A)
6. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis. (A)
7. There is minimal communication between marketing and manufacturing departments concerning market developments. (D)
8. When one department finds out something important about competitors, it is slow to alert other departments. (D)

RESPONSE DESIGN

1. Its takes us forever to decide how to respond to our competitors' price changes. (D)
2. Principles of market segmentation drive new-product development efforts in this business unit. (A)
3. For one reason or another we tend to ignore changes in our customers' product or service needs. (D)
4. We periodically review our product development efforts to ensure that they are in line with what customers want. (A)
5. Our business plans are driven more by technological advances than by market research. (D)
6. Several departments get together periodically to plan a response to changes taking place in our business environment. (A)
7. The product lines we sell depend more on internal politics than real market needs. (D)

RESPONSE IMPLEMENTATION

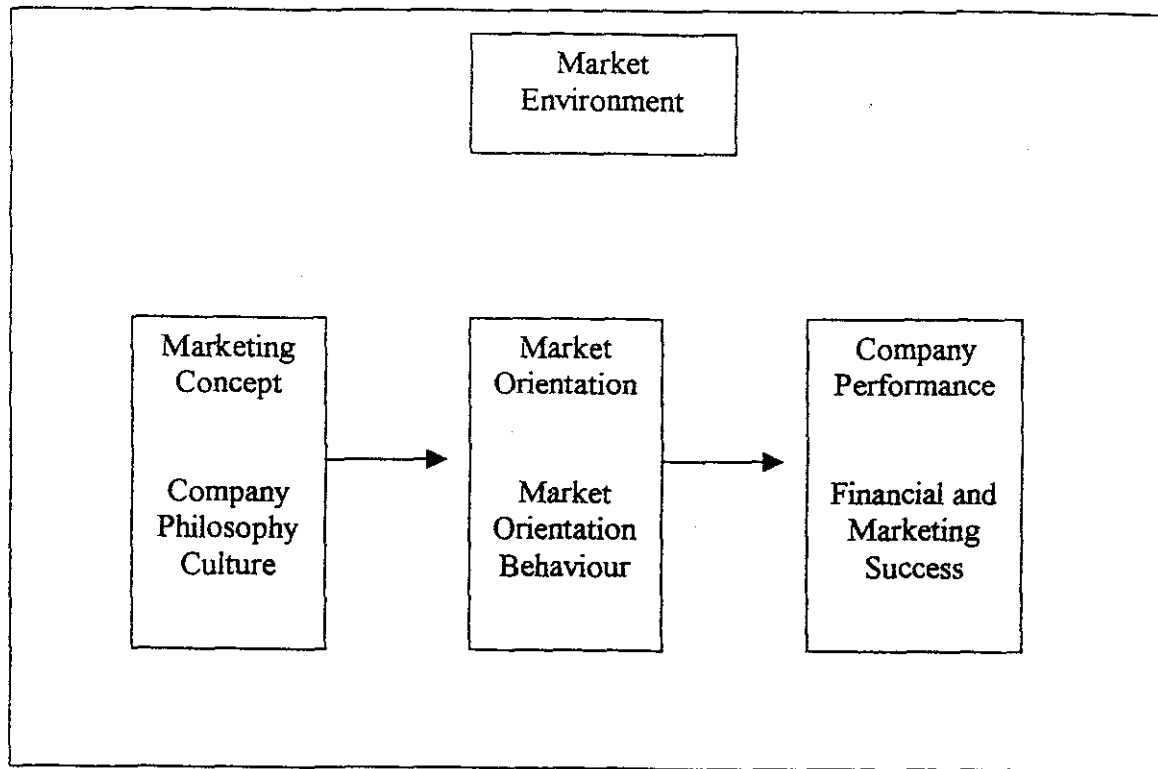
1. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately. (A)
 2. The activities of the different departments in this business unit are well co-ordinated. (A)
 3. Customer complaints fall on deaf ears in this business unit. (D)
 4. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion. (D)
 5. We are quick to respond to significant changes in our competitors' pricing structures. (A)
 6. When we find out that customers are unhappy with the quality of our service, we take corrective action immediately. (A)
 7. When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so. (A)
-

Source : Jaworski and Kohli (1993:65-66)

In this regard, Gultinan et al., (2000:14) suggest that the applicability of measuring market orientation, to non-profit institutions such as hospitals and tertiary educational institutions, is sometimes a controversial aspect. They believe that the controversy revolves around the degree to which non-profit institutions should focus on customer or client satisfaction, when the essential mission of the institution cannot be changed. They suggest that non profit organisations must consider their market orientation within the constraints imposed by their mission.

The review of literature on market orientation studies suggests the following research model, (see Figure 2.3) as a useful model for exploring market orientation and performance relationships in a wide variety of market contexts:

Figure 2.3 Research Model



Source : Gray et al. (1998:887)

The aforementioned discussion suggests that an organisation's degree of market orientation should be assessed from a cultural and behavioural dimension. The literature concerning cultural and behavioural aspects provide many insights into positive and normative aspects of implementing the marketing concept in technikon.

2.6 Market driven versus driving markets

There are two approaches to being market orientated viz. a market driven approach, and a driving markets approach. Jaworski and Kohli (2000:45) describe market driven as an orientation that is based on understanding and reacting to the preferences and behaviours of key players within a market structure, while “driving markets” considers influencing the structure of the market and/or behaviour of key market players in a direction that enhances the competitive position of the organisation.

A market driven organisation would endeavour to understand, attract and maintain valuable customers. Day (1994:38) describes two key cross functional processes of market driven firms through market-sensing and customer-linking activities. Lichtenthal & Wilson (1992:201) define a market driven business as “one which is highly customer oriented” and “has a strategic focus”. The changing needs of consumers present potential market opportunities which will inevitably drive the organisation. The conditions for change in the development of an organisation into a market-driven institution is articulated by Day (2000: 20-24) as follows:

- Demonstrate leadership commitment. Leaders need to own and champion the change, invest time and resources, and create a sense of urgency for transformation.
- Understand the need for change. Key personnel in a company are aware of what it means to be market-driven. They initiate change, cognisant of the benefits to the organisation.
- Mobilise commitment at all levels and make certain that the initiators of change have the following attributes : experience and credibility, an ability to recognise those that need to be committed for transformation to happen, an ability to form a coalition of supporters and address the expected resistance, and the authority to allocate the required resources.
- Shape the vision, by addressing the following in respect of all employees: realise how superior customer value is created, visualise what they have to do differently, get excited about the envisaged accomplishments.

- Structures, systems and incentives are aligned with strategy. There is a credible plan for: modifying the company structure and systems, employing and developing personnel in the new structure, enhancing the market-sensing and market-related capabilities, adjusting systems, motivating and rewarding market-driven behaviour.
- Leadership in a market orientation change need to know how to sustain the change: understand how to get started and ensure an early success, progress must be measured using relevant benchmarks, plan to focus on the change programme.

In this regard, Jobber (1995:9) suggests that a deeper understanding of the marketing concept can be gauged by differentiating in detail a market driven business and one that is internally orientated (See Table 2.4).

Similarly, Morgan and Strong (1998: 1066), suggest that market oriented organisations differ from internally orientated firms, which maintain an ad-hoc, reactive, constrained and diffused stance toward the business environment. To be a market-driven organisation is an ongoing process, especially in the volatile markets of the 21st Century.

Shapiro (1988:121) identifies three factors that make a company market driven:

- Information on all important buying influences permeates every corporate function;
- strategic and tactical decisions are made inter functionally and inter divisionally; and
- divisions and functions make well co-ordinated decisions and execute them with a sense of commitment.

It seems that the current literature on market orientation focuses on a market driven approach as compared to a driving markets approach. Market driven companies are fully aware of competitors' products and the respective customer response (Webster, 1994 b: 9). In addition, it is pointed out that all decision making in market driven firms is generated by customer information, competitive intelligence and a clear concept of the company's value proposition. In this regard, Connor (1999:1157) suggests that organisations should think of a spectrum of orientations which are

available to the company and the selection of a position on the spectrum should be regarded as a central strategic decision. It is important to realise that these approaches are complementary and are not substitutes. Any firm can be both, that is, it can drive markets and be market driven.

Table 2.4 DIFFERENCE BETWEEN MARKET DRIVEN AND INTERNALLY ORIENTED BUSINESSES

Market-driven business	Internally oriented businesses
<ul style="list-style-type: none"> • Customer concern throughout business • Know customer choice criteria and match with marketing mix • Segment by customer differences • Invest in market research and track market changes • Welcome change • Try to understand competition • Marketing spend regarded as an investment • Innovation rewarded • Search for latent markets • Be fast • Strive for competitive advantage 	<ul style="list-style-type: none"> • Convenience comes first • Assume price and product performance key to most sales • Segment by product • Rely on anecdotes and received wisdom • Cherish status quo • Rubbish competition • Marketing spend regarded as a luxury • Innovation punished • Stick with the same • Why rush? • Happy to be me-too

Source: Jobber (1995:10)

2.7 Marketing management or market-oriented strategic management

In his book on Service Management and Marketing, Gronroos (2000:258) contends that in traditional marketing literature, the concept of marketing management describes the practical applications of the marketing concept for consumer goods. He further contends that where marketing is geared to manage customer relationships, the traditional approach changes because it becomes awkward. Many customer relationship matters are matters for departments other than marketing department. The total marketing process is divided into traditional and interactive marketing activities.

Kotler (1997:63) defines market-oriented strategic planning as the managerial process to develop and maintain a viable fit between the company's objectives, skills and resources and its changing market opportunities. He further concedes that the objective of strategic planning is to shape and reshape a firm's products so that they address target profits and growth. In this regard he rightly suggests that strategic planning is implemented at the corporate level, divisional level, business unit level and product level. Marketing activities, both traditional and interactive, permeate the entire firm, requiring the whole organisational structure support for marketing. The thrust of Gronroos's (2000:259) argument is market-oriented management is necessary throughout the firm rather than marketing management as the responsibility of the marketing department only. Hence, it is appropriate to talk about market-oriented management, rather than marketing management in the traditional manner, particularly for service marketing.

2.8 The marketing function in a market-oriented firm

In the last decade, marketing, in a market-oriented firm, has been viewed as an orientation that everyone in the firm should be involved in, and as a process in which all management levels participate. The review of marketing literature and practice seems to indicate that there has been a shift in thinking of marketing less as function, and more as a set of values and processes that all functions participate in. Gronroos (2000:310) shares this view and believes that marketing in a market-oriented organisation *"is definitely not only carried out in a marketing department of full-time marketing specialists. Marketing is everywhere in the organisation, wherever brand*

contacts occur and wherever the customers' quality and value perception is formed as a basis for their willingness to continue their relationship with the service provider. Marketing is also wherever internal customers are served in internal office operations".

Moorman et al. (1999: 181) are of the opinion that though an organisation's market orientation is extremely important, the marketing function should play an important role in managing many important connections between the customer and critical company elements. The customer has to be connected to the product, service delivery and financial accountability.

The empirical literature on market orientation has initiated this change in perspective of the marketing function. The market orientation approach to marketing becomes everyone's task, and diffuses the marketing function's role and increases marketing's impact (Moorman et al., 1999:181). In this regard, McKenna (1991:68) contends, "Marketing is everything and everything is marketing" and Haeckel (1997:9) affirms, "*Marketing's future is not a function of business, but is the function of business*". As marketing receives increasing importance as a set of processes that all functions participate in, a critical question is the role of marketing function, if any, in an organisation that is market-oriented.

The review of the literature on the marketing function in a market-oriented organisation identifies two structures: a functional marketing organisation and a process marketing organisation. In this regard, Moorman et al. (1999:182) describes a marketing functional firm as one where there is a concentration of the responsibility for marketing activities within a group of specialists in the firm and a marketing process organisation is described as one where marketing activities are dispersed across non-specialists in the firm. According to Wind (as cited by Moorman et al., 1999:182) : "Marketing, as a management *function*, appears to be in a decline. Marketing as a management *philosophy* and orientation, espoused and practised throughout the corporation, is however seen increasingly as critical to the success of any organisation". Empirical findings by Moorman et al. (1999:189) support the contention that though market orientation is undeniably important, the marketing function has a crucial role to play. They further make the following observations:

- Marketing is best seen as the function that manages links between the firm and customer. The core links may be as customer product, customer-service delivery, and the customer financial accountability.
- The extent to which the marketing function manages these connections impacts on financial performance, customer relationship performance and new product performance, beyond the contribution of an organisation wide marketing orientation.
- The marketing function can improve its contribution to the organisation by increasing its scope beyond the traditional customer-product connection to include more emphasis on service delivery and financial accountability. Marketing education should address this expanded focus.

It is clear from the above that the marketing function impacts on the organisation's financial, customer and new product performance beyond that explained by an organisation's market orientation. Managers may not be directly involved in decision-making in everyday operations, but are expected to give the strategic support and resources to implement market orientation. Many organisations attempt to develop market orientation by merely changing departmental and/or managerial titles and levels of management. These efforts are unsuccessful because market orientation needs more than superficial company restructuring (Gounaris and Avlonitis, 2001:360).

2.9 Bench marking with market orientation theory

A brief look at standard current marketing textbooks and journals reveals that the development of market orientation is accepted as one of the major concerns for organisations in the new millennium. Jaworski and Kohli (1993) developed a complex descriptive and prescriptive model of market orientation with many theories and applications (See Model of Market Orientation; Figure 2.4) After an intensive empirical examination and analysis, Jaworski and Kohli (1993:66) summed up their conclusions as follows:

- The extent of market orientation is related to top management emphasis and risk aversion attitudes, inter-departmental conflict, connectedness, centralisation and reward system orientation.
- Market orientation is related to business performance, employees's organisational commitment and morale (but not market share).
- The link between market orientation and business performance appears to be robust across environmental contexts which are distinguishable by their varying degrees of market turbulence, competitive intensity and technological turbulence.

The review of literature indicates that the Jaworski and Kohli (1993) model was the first model that examined the antecedents and consequences of market orientation (see Figure 2.4). Further, it can be concluded that their contribution has a major theoretical and practical implications. Harris (1996:28) shares this view and submits that executives need to address the following key areas to develop market orientation:

- the extent of top management support for market orientation;
- the measures of departmental conflict and connectedness;
- the scope of organisation's bureaucracy and the style of reward systems;
- the ability of the organisation's information system to generate and to disseminate the required information and to address environmental variables.

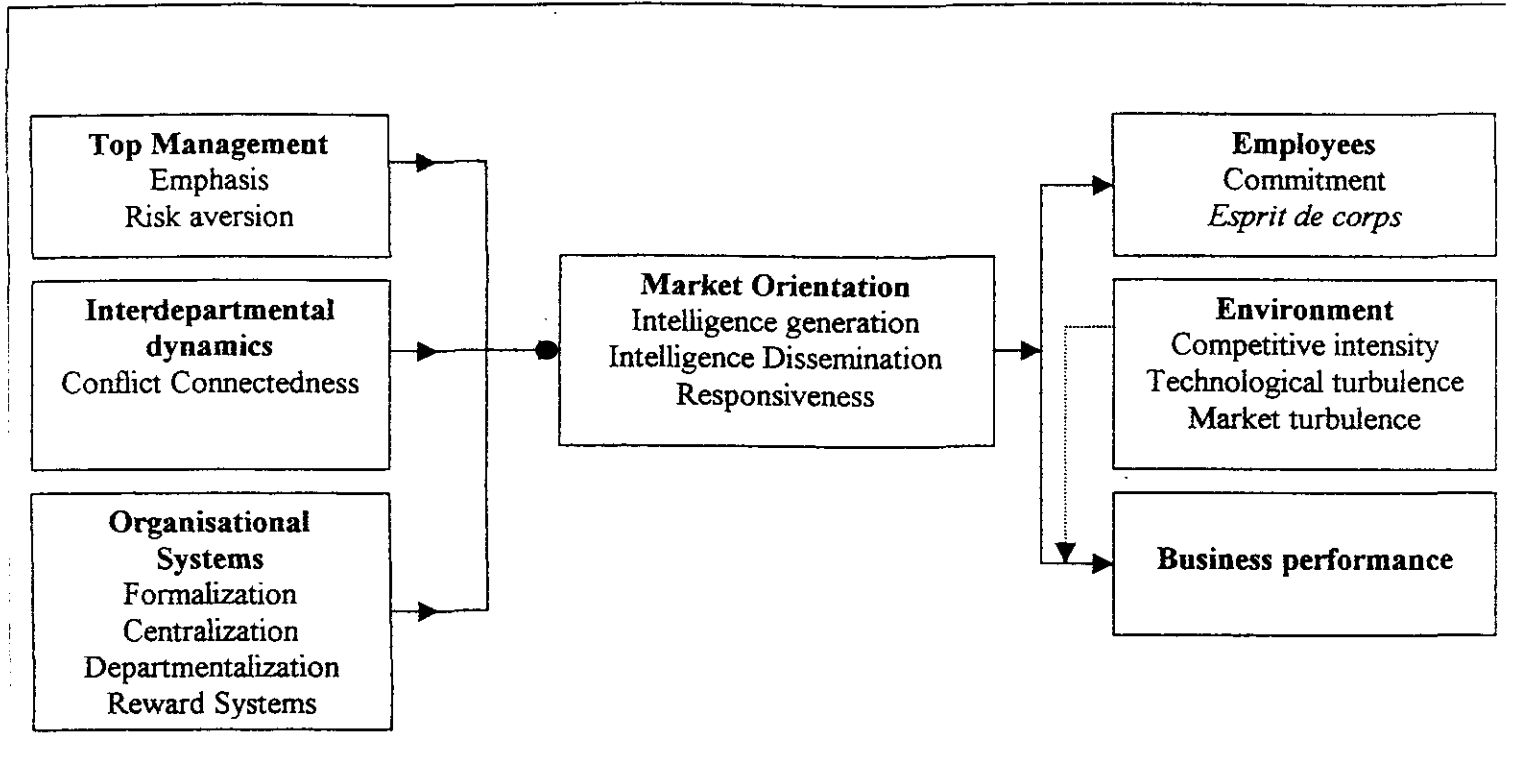
Based on the previous discussion it would appear reasonable to conclude that the vast majority of empirical research explored the consequences of market orientation, as compared to research on the antecedents of market orientation.

2.10 Market orientation and learning organisation

The platform for contemporary marketing thought is based upon the marketing concept. In this regard, Morgan et al. (1998:353) appropriately suggest while there has been much debate on the concept, the literature concerning its manifestation, in the form of an organisation's market orientation, has developed to suggest that it is a feature exhibited by firms having superior skills in addressing customer needs. A market oriented organisation focuses on collecting information about target-customers' needs and competitors' capabilities, and applying the information to create superior customer value. It has been articulated by Webster (1992:30) that "the learning organisation" is a relevant new idea that is dedicated to continuous improvement and reinventing itself as market conditions demand. Organisational learning is the development of new knowledge that influences business behaviour. According to Slater & Narver (1995:63a) for a business to maximise its ability to learn about markets, creating a market orientation is only a start. They assert that skills and processes for higher order learning need to be present for the firm to capitalise on its market orientation. Prescriptive literature on market orientation emphasises the need for organisations to understand customers, competitors and market-chain parties in a manner that allows them to systematically interpret and respond to circumstances in current and prospective markets (Morgan and Strong, 1998:1066). All firms competing in dynamic, volatile and competitive environments need to address the processes of learning, behavioural change and performance improvement.

Jaworski and Kohli (1993) have conducted research on organisational learning by developing measures of the effectiveness of the information acquisition, intelligence dissemination, and organisational responsiveness stages of the learning process, which are themselves measures of inter-mediate outcomes. Slater and Narver (1995:67) draw a relationship between market orientation, business performance and learning organisation as follows: *"Because of its external emphasis on developing information about customers and competitors, the market-driven business is well positioned to anticipate the developing needs of customers and to respond to them through the addition of innovative products and services. This ability gives the market-driven business an advantage in the speed and effectiveness of its response to opportunities and threats. Thus, a market orientation is inherently a learning orientation"*. The above observation

Figure 2.4 Market orientation : antecedents and consequences



Source : Jaworski and Kohli (1993: 61)

implies that market orientation improves business performance when it is coupled with learning orientation. Similarly, Morgan et al. (1998:373), from their empirical investigation, report that companies display a high level of market orientation perceive greater organisational learning capabilities in respect of strategic awareness, operational flexibility, strategic development processes and managerial skills than their counterparts with a relatively low degree of market orientation. Hurley and Hult (1998:42) identify two underlying assumptions in Slater and Narver's explanation:

- Market orientation and learning orientation are inherent and inseparable;
- A learning orientation mediates the market orientation performance relationship.

Market intelligence is the core input to the learning organisation, and must be committed to identifying the “best practice” in the company. The learning organisation creates and manages strategic alliances with all parties and remains externally focussed and capable of quick and flexible response to the changing market (Webster, 1992:30). Lado & Olivares (2001:132) argue that models of market orientation should concentrate on innovation rather than learning. Slater and Narver (1995:72) express that cultural values of a market orientation are necessary, but not sufficient, for the creation of learning organisations. They further agree with the sentiment that the ability of organisations to learn faster than their competitors may be the only sustainable source of competitive advantage. Based on the previous on the above, one may surmise that the organisational learning capabilities exhibited by a company seems a fundamental element in the contribution of market orientation to business competitiveness. It seems the concept of the learning organisation will play a major role for companies to improve competence and learn critical skills from one another in the new millennium. In an article Slater, (2001:231) maintains that to inspire breakthrough learning, market oriented firms must carry out market experiments, learn from the findings, and modify their offerings based on the new knowledge and insights.

2.11 Implementing marketing strategy through market orientation

Dobni and Luffman (2000: 897) submit that a market orientation provides a context to facilitate the implementation of marketing strategy. The thrust of their argument is that the key challenge for an organisation to achieve a competitive advantage lies in the implementation of strategy and not the formulation of it. The competitive advantage afforded by market orientation is the result of an organisation’s culture. The first stage in defining implementation contexts is connected to marketing related employee behaviours to strategies. In this regard, Guiltinan et al. (2000: 14) specify the following actions in implementing a market orientation philosophy:

- Explore which business opportunities give the company the best chance to create satisfied customers.
- Analyse customer decision process and address the different preferences patterns in the market.

- Evaluating competitive advantages and competitors' market position.
- Measure market opportunity and assess the impact of plans in respect of enhancing customer satisfaction or competitive advantage on profitability.
- Use the marketing knowledge from market intelligence to the design of the market offering.

It becomes clear that market planning in the organisation must be market oriented, a culture that influences how employees think and act. According to Dobni and Luffman (2000: 897) the relationship between culture and strategy must be understood to fully appreciate the role of market orientation in driving strategy, and consequently performance. They further reiterate that the literature to date supports the proposition that there is a fit between culture, strategy and the context in which a firm must operate. Market orientation appears to provide a strong explanation for strategy, which is related to performance.

Dobni and Luffman (2000: 909) report on the relationship between the degree of market orientation and marketing strategies practised by companies. They submit that companies with similar market orientations have a tendency to implement similar strategies in the same industry, and types of strategies selected are related to the operational behaviours that manifest a market orientation. The results of their research indicate that it is possible to manage strategy through a market orientation and the optimal level of market orientation would depend on the competitive context, managerial values and resources available to the organisation.

2.12 Market orientation and potential influences on performance

There is a growing interest in the concept of market orientation and empirical evidence confirms that organisations with higher market orientation obtain better economic and commercial results. Jaworski and Kohli (1993:63) show that a direct, significant and strong association is present between business performance and market orientation where "*overall performance is assessed using judgmental measures*". In recent years, a market oriented culture has been considered a

core element of superior company performance. It would be expected that market oriented firms will implement strategies that are customer focussed and information based. Dobni and Luffman (2000: 901) submit that firms with low levels of market orientation are internally focussed and that firms with high market orientations are well informed and are at the cutting edge of industry developments. Lado & Olivares (2001:130) summarise (See Table 2.5) the empirical research on the relationship between market orientation and business performance.

It is clear that the vast majority of empirical research has focussed on the consequences of market orientation. Similarly, Dobni and Luffman (2000: 901), when discussing the relationship between market orientation and performance, concede that market orientated companies would not engage in practices of cost leadership such as discount pricing, engaging in no frills service, minimising marketing expenditures, and to a lesser degree, standardising product and services, and offering limited lines. On the other hand, they suggest that companies with a low market orientation would be positively linked to actions consistent with standardisation and cost leadership, in the form of providing no frills service, discounting prices, product/service standardisation, cutting marketing expenses, offering limited lines, and pursuing cost reductions. According to Caruana et al. (1998:65) there is a link between market orientation and overall performance among departments in tertiary educational institutions. In summary, a review of pertinent literature shows that academics generally agree that some form of association exists between market oriented culture and organisational performance.

2.13 Market orientation and relationship marketing

In the 1990s, marketing scholars and practitioners have generated interest in relationship marketing (Payne, 2000:39). The essence of market orientation is the successful management of a relationship between suppliers and customers. In today's highly competitive markets, long-term relationships play a key role for mutual benefit. Dalgic (1998:56) state that relationship may be used in the practical application of market orientation by combining the constructs of market orientation, especially the generation of market intelligence and responding to it. Gronroos (2000:245) describes relationship marketing as a process rather than a function and the concern of every function and department of the firm. He further states that the relationship perspective

is not the only market-oriented approach of honouring the marketing concept, but well suited for understanding of service marketing. The next section focuses on the description of relationship marketing, reasons for its development, benefits and limitations of relationship marketing.

2.13.1 Description of relationship marketing

Marketing researchers and practitioners have formulated many definitions to explain the philosophy that encompasses the concepts relevant to relationship marketing. The term “relationship marketing” was first introduced by L L Berry in 1983, to describe the strengthening of the bonds between a company and its customers in a services marketing context (Gronroos, 1997:337). Relationship marketing represents a paradigm shift in marketing, from an acquisitions/transaction emphasis to a retention/relationship emphasis (Zeithaml & Bitner, 2003:157). The latter further contend that relationship marketing is a philosophy of doing business, assuming consumers prefer to have an ongoing relationship with the organisation, rather than change service providers in search for value.

Relationship marketing and marketing relationships are not synonymous and are distinguished by their nature and specificity. According to Parvatiyar & Sheth, (2000:7) relationship marketing describes a specific marketing approach, which is a subset or focus of marketing, while marketing relationships includes adversarial relationships, rivalry relationships, affiliation relationships and independent or dependent relationships. They further point out that relationship marketing is not concerned with all the aspects of marketing relationships. Marketers have recognised the importance of the customers for long term success of the organisation. Lamb et al. (2000:10) assert that enlightened marketers have realised that they need to attend to building long term relationships with customers, rather than focusing on short term transactions. Palmer (2001:114) categorise the published literature on relationship marketing into three broad bands, namely :

- Tactical level - at this level, relationship marketing is applied as a sales promotion tool, that is, pricing incentives are used to encourage customers to continue to do business.

- Strategic level - at this level, relationship marketing is regarded as a process by which organisations endeavour to “tie in” customers through some macro-environment factors. This may be regarded as customer detention rather than customer retention, as relationship may not be sustained with changes in, for example, the legal or technological environment. This level depends on social bonds and trust through personalised service.
- Philosophical level - at this level relationship marketing addresses the heart of the marketing philosophy. Traditional definitions of marketing concentrate on the primacy of customer needs. Relationship marketing as a philosophy focuses on structured customer relationship life cycles and away from products and their life cycles. An examination of standard marketing textbooks and journals reveal that the focus is shifting from transaction-based marketing to relationship based marketing. For the components of transactional and relational exchange see Figure 2.5. The structural bonds are developed by supplying services that are valuable to customers and not currently available from other suppliers.

TABLE 2.5 Components of transactional and relational exchange : comparison

<i>Traditional transaction oriented marketing</i>	<i>Relational marketing</i>
Focus on a single sale	Focus on customer retention
Short-term orientation	Long-term orientation
Sales to anonymous buyers	Tracking of identifiable buyers
Salesperson is the main interface between buyer and seller	Multiple levels of relationships between buyer and seller
Limited customer commitment	High customer commitment
Quality is the responsibility of production department	Quality is the responsibility of all

Source : Palmer (2001:115)

From the foregoing it can be surmised that relationship marketing is the total concerted effort by an organisation to associate with customers in order to assess and fulfil their needs and develop a lasting relationship with them. Relationship marketing focuses on the buyer-seller relationship, and does not take into consideration the role played by other stakeholders in the distribution channels in the building of the long term customer relationship.

2.13.2 Reasons for the development of relationship marketing

Berry et al. (1983:26) submit that a customer relationship is best established around a “core service”, which attracts new customers through its “need-meeting character”. It must be noted that creating customer loyalty with existing customers is one of the primary goals of relationship marketing. Similarly, Zeithaml & Bitner (2003:158), when discussing goals of relationship marketing, reiterate that organisations need to focus on attraction, retention and enhancement of customer relationships. This means that newly attracted customers need to be transformed to highly valued, enhanced customers. The proponents of relationship marketing have identified various factors that contribute to the development and growth in importance of relationship marketing. Kandampully & Duddy (1999:319); identify the following factors:

- the increasingly global and intense nature of competition;
- the changes in customer profile - demanding and sophisticated customers;
- greater fragmentation of consumer markets;
- changes in customer buying patterns;
- continuous increase in standards of quality;
- the inadequacy of quality in itself to create sustainable competitive advantages;
- the effects of technology on almost all products and services; and

- the unreliability of traditional marketing - decline in overall advertising effectiveness.

2.13.3 Benefits and limitations of relationship marketing

The conceptual thinking underpinning relationship marketing is the benefits of retaining existing customers. Gummesson (1994:18) evaluates the concepts of both marketing mix and relationship marketing and concedes that relationship marketing constitutes a new paradigm and the beginning of a new market orientation theory. Zeithaml & Bitner (2003:159-160) share this view and offer the following benefits of relationship marketing to the customer:

- **Confidence benefits** - these include the feelings of trust or confidence in the supplier, and the comfort of expecting consistent levels of service quality. The costs of switching include psychological and time related costs. With a long term relationship, customers free up time for other concerns and priorities.
- **Social benefits** - over a period the customer develops a social relationship with the service provider. The tie will keep the customer from switching to a competitor, in spite of better quality and lower price. It is noted that relationships that develop between service provider and client are the basis for customer loyalty.
- **Special treatment benefits** - these include getting the benefit of doubt, special deal or price, and getting preferential treatment, for example, frequent flyer benefits.

Confidence benefits and social benefits are more feasible in some types of business. For the development of customer ties a five-level hierarchy of strategic customer values is suggested by Anon (2001:2-3) as follows:

- **Transactions** - This is the simplest form of customer contact. The customer, for example, shows up at the post office, a one-off transaction is completed. Transactions have no past and no future, but exist only in the present.

- **Products** - Tangible items the customer takes custody of such as a refrigerator, or DVD. In many cases, the tangible product's appeal accounts for almost all the customer's perception of the value experienced. However, the transaction surrounding the product can and should add value to the greatest extent possible.
- **Solutions** - Special set of ideas, information, designs, products and transactions that meet an individual need. This is called capability (competitive advantage) clusters. The organisation needs to understand the customer's particular problems, needs, preferences and constraints in order to sell a designed package of value that satisfies a particular set of needs. Examples include cruise packages, orthodontic treatment or the restoration of a home damaged by a fire.
- **Relationships** - These are the continuous interactions, exchange of ideas, empathy, response to changing needs, mutual understanding of deliverable value and joint participation of the customer in creating value. Examples include value packages offered by consultants, financial advisors and trading partners.
- **Mutual benefits** - The business environment in which both the customer and service provider benefit and value their interdependence. Examples include a farmer and a fresh produce wholesaler, a motor car manufacturer and its dealers.

An analysis of the above reveals that not all organisations would be suited to achieving customer closeness, and the search for customer preference has to be directed at creating the perception of significant value. Organisations need to differentiate their products from those of competitors, and an area to start with is by addressing the nature of their relationships with their customers.

Palmer (2001:131-135) identifies the limitations of relationship marketing as follows:

- parties to an exchange may have no expectation of a continued relationship;
- relationships may be formed in an asymmetric manner, thereby resulting in a desire by one

party to the dependence;

- formalised buying procedures may limit the development of ongoing relationships based on social bonds;
- buyers' increasing levels of confidence decrease the need for a continued relationship;
- relationship marketing can result in additional costs and revenues; and
- networks of relationships can encourage anti-competitive implications.

According to Dobni and Luffman (2000:910) where identifiable gaps exist between desired and actual behaviours, management need to customise employee training and development programmes or realign the compensation and reward system to address desired behaviours. The gap could be closed by changing perceptions of us versus them to "we"- that is to shift the vocabulary of the transaction toward the vocabulary of relationship (Steinman and Deshpandee, 2000:113).

2.13.4 Concluding remarks on relationship marketing

Every institution, whether profit oriented or non-profit oriented, will endeavour to satisfy the customer. Customer satisfaction has become an important concept not only for commercial organisations but also for public institutions, such as technikons. The institution's success in the marketplace is no longer determined by the ability of the customer, but of the institution to create a loyal relationship. It seems that a significant gap exists between the marketing philosophy preached by academics and what is being implemented in the name of the marketing concept by many organisations. The dilemma faced is one of determining the appropriate level of market orientation and addressing disagreements concerning market orientation affecting customer-supplier relationship. Market orientation and relationship marketing are interrelated because the focal issue is satisfying customers' needs. Steinman & Deshpandee (2000: 110) propose the concept of the "market orientation gap". This gap is the difference between customers and

suppliers measured perception of the level of market orientation.

Technikons need to establish and maintain long term relationships with their graduates for them to register for higher qualifications and support their alma mater/ fundraising efforts. It has also become evident that the continued relationship in the service industry would result in a sense of ownership (see section 3.4). The review of the literature on relationship marketing identifies the following aspects that can be applied equally to technikons, namely, (1) Technikons must develop strategies with all relevant stakeholders and effectively communicate them to relevant parties in the dynamic marketing environment of higher education. (2) Relationship marketing must focus on internal (staff) relationships to enhance service delivery, in pursuit of the institution's objectives. (3) Relationship marketing must concentrate on quality matters as part of customer retention for long term relationships.

2.14 Market orientation in non-profit public service institutions

The many textbooks and journal articles on the topic of marketing in non-profit institutions indicates the acceptance and status of marketing in this sector (Balabanis et al., 1997:583). They also appropriately suggest the need for non-profit institutions to accept the principles of the marketing concept and become market oriented. It may be possible, as Caruana et al. (1997:294) point out, that public sector institutions seem to be struggling with the adoption of managerialism and a market orientation. The marketing concept, the underlying platform of market orientation, was developed primarily for commercial firms. Buchbinder (1993:331) contends that the current economic contraction is juxtaposed against the globalization of capital which demands that manufacturing firms compete on a world wide scale. He also points out that tertiary educational institutions are not exempt from this dynamic as they too are propelled toward a market orientation. Drummond et al. (2000:571) share this view and point out that with the public becoming increasingly knowledgeable and demanding of a high levels of service, public sector institutions have adjusted their approach. They add that the public institution's "best value" initiatives and the adoption of consultation processes, within strategy formulation, have driven the public service closer to a market orientated approach. The parameters of change in tertiary educational institutions as they move to a market orientation, seem to focus on efficiency, cost

Table 2.6 Summary of empirical research on the relationship between market orientation(MO) and business performance(BP)

Author(s)	Country	Conclusions
Narver and Slator, 1990	USA	Positive relation MO-BP
Ruekert, 1992	USA	Positive relation MO-BP
Jaworski And Kholi, 1993	USA	Positive relation MO-BP
Kholi, Jaworski and Kumar, 1993	USA	Positive relation MO-BP
Diamantopoulos and Hart, 1993	UK	Mixed results about MO-BP relation
Slater and Narver, 1994	USA	Positive relation MO-BP
Deng and Dart, 1994	Canada	Positive relation MO-BP
Deshpande, Farley and Webster, 1993	Japan	Positive relation customer orientation-BP
Van Bruggen and Smidts, 1995	Netherlands	Positive relation MO-BP
Greenley, 1995	UK	Positive relation MO-BP
Lambin, 1996	Belgium	Positive relation MO-BP
Fritz, 1996	Germany	Positive relation MO-BP
Pitt, Caruana and Berthon, 1996	UK, Malta	Positive relation MO-BP in both countries
Senes, Jaworski and Kohli, 1996	USA, Scandinavia	Positive relation MO-BP
Pelham and Wilson, 1996	USA	Positive relation MO-BP
Atuahene-Gima, 1995, 1996	Australia	MO is an factor in new products success
Bhuian, 1997	Saudi Arabia	Non-significant MO-BP
Gatignon and Xuereb, 1997	USA	Different strategic orientations have different impact on innovation performance according to market characteristics
Greenley and Foxall, 1997, 1998	UK	The impact of multiple stakeholder orientation on performance is moderated by the external environment
Gray et al., 1998	New Zealand	Positive relation MO-BP
Caruana, Pitt and Berthon, 1999	UK	Non-significant relation MO-BP
Avlonitis and Gounaris, 1997	Greece	Positive relation MO-BP
Lado,Maydeu-Olivares and Rivera, 1998	Spain, Belgium	Positive relation MO-BP
Kumar, Subramanian and Yauger, 1998	USA	Positive relation MO-BP
Appiah-adu, 1998	Ghana	Positive relation MO--BP
Deshpande and Farley, 1998	USA, EU	Positive relation MO-BP
Han, Kim and Srivastava, 1998	USA	Positive relation MO-innovation-BP
Sargeant and Mohamed, 1999	UK	Non-significant relation MO-BP
Baker and Sinkula, 1999	USA	Positive relation MO-BP
Pelham, 2000	USA	Positive relation MO-BP

Source : (Lado & Olivares, 2001: 131)

cutting and centralisation, with a strong managerial focus.

It is reported by O’Cass (1996:47) that the generic concept of marketing extended marketing in two significant paths, viz. by extending it from the private sector into the non-commercial and public sector and by broadening exchange from only economic exchanges to any kind of exchanges. Kotler and Levy (1969:15) share this view and propose that *“the choice facing those who manage non-business organisations is not whether to market or not to market, for no organisation can avoid marketing. The choice is whether to do it well or poorly”*. Kotler and Andreasen (1991: 43) suggest that non-profit institutions that adopt the marketing mind-set as a guiding philosophy be regarded as “customer centred”. They describe a customer centred institution as *“one that makes every effort to sense, serve and satisfy the needs and wants of its clients and public within the constraints of its budget”*. In this regard, Balabanis et al. (1997:585) suggest that being “customer centred” is equivalent to the implementation of the marketing concept or market orientation in non-profit institutions. They also, in line with Kohli and Jaworski (1990), provide elements for a market orientation in non-profit institutions as follows:

- intelligence generation , which refers to the collection and evaluation of information about the consumer, governmental and corporate needs and preferences;
- intelligence dissemination, including the process and extent to which information about the market is exchanged, vertically and horizontally and connected within the institution; and
- responsiveness, that involves action taken, planning, and implementation of marketing programmes towards the market, as a result of the generated and disseminated information.

Liu and Dubinsky (2000: 1319) assert that there is a key difference between tertiary educational institutions and many other public sector institutions because tertiary institutions have the liberty of selecting target customers for their academic programmes. The selection is based on students’ (customers’) academic achievements. They contend that the situation permits educational

institutions to operate in accordance with market forces compared to their public sector counterparts. According to Mokwa (as cited by Balabanis et al., 1997:599) a popular theme in most textbooks is that market orientation in non-profit institutions is inhibited by ideological or attitudinal barriers introduced by management. Drummond et al. (2000:574) believe that public sector institutions have been subjected to the charge of being inward looking and hence “myopic” in nature and therefore the development of a market orientation bringing an external customer focus would be reasonable. Similarly, Liu and Dubinsky (2000:1329) point out that when a tertiary institution is in the process of re-evaluating its competitive position in the marketplace and attempts to address market-oriented strategies for long term benefit, levels of anxiety and resistance would inevitably arise among staff. Caruana and Ewing (1997:300) show a direct link between market orientation and organisational commitment. The results confirm that a market orientation is a good management goal to pursue, even in the public sector.

2.15 Market orientation and tertiary educational institutions

Tertiary educational institutions, as any other business firms, need to monitor and adapt to the changes in the political, economic, social and technological environment. According to Liu and Dubinsky (2000:1325) tertiary education worldwide is experiencing structural and philosophical reforms because of market forces in mass higher education and the contraction of resources. Very often educational managers believe that the inclusion of the marketing function would indicate that the institution has adopted market orientation. The use of marketing tools does not necessarily mean that the institution is market oriented. According to Kotler and Fox (1995:10), a market orientated institutions’ main task is to determine the needs and wants of target markets and to satisfy them by designing, communicating, pricing and delivering appropriate and competitively viable programmes and services. A market oriented institution concentrates on satisfying the needs of its students. Institutions would be successful whenever the target market is satisfied. It is reported by Caruana et al. (1997:297) that commitment in the public sector is higher among professional staff as compared to other staff. It is further reported that in terms of client oriented services, such as in education, there is no substitute for human dedication, and an institution without human commitment can be compared to a person without a soul. The employees in a market oriented institution work as a team to satisfy specific target markets, within its mission and

competencies.

Market orientation is important to tertiary educational institutions, as with the increasing global competition and changes in student needs, they need to be closer to their markets. The need for market orientation is greater for tertiary educational institutions because the core product is intangible of which service quality and customer orientation are crucial elements. Kotler and Fox (1995:11) believe that though most educational institutions want to be responsive to the needs of their target markets, they often get sidetracked by their traditions and institutional culture. Some institutions may reflect a preoccupation with their service /product (a product orientation), or encouraging students to select the institutions' current programmes, instead of being market oriented. In this regard, Liu and Dubinsky (2000: 1316) suggest that educational institutions need to legitimatise themselves by satisfying market demand for educational services. They further concur that by becoming market oriented, insightful academic administrators will likely engage in institutional entrepreneurship. The review of literature on market orientation reveals many studies which mainly reflect commercial, as opposed to public sector environments. This study is premised on the assumption that a market orientation philosophy is transferrable to the public education sector.

2.16 Summary

The aim of this chapter has been to gain an insight into the existing literature on marketing philosophy. It would appear reasonable to conclude that market orientation can be considered as a managerial behaviour or a business philosophy that directs the business behaviour and action. This research is based on the premise that a market orientation, within the context of tertiary education, can facilitate closer links between service delivery and demand for education. Marketing orientation is not the same as market orientation because marketing is only one function of the firm. A technikon is market-oriented when the entire institution embraces the values implicit therein and when the entire institution's processes are directed at creating superior customer value.

The review of literature on market orientation support the view that service institutions, higher educational institutions in particular, need an organisation-wide commitment to market orientation in order to successfully implement the marketing concept. The literature that concentrates on the implementation of the marketing concept does provide insight to the antecedents of a market orientation in higher educational institutions. The literature review supports the application of Markor, measuring instrument for market orientation, because it addresses a general measure of one of marketing's central construct. The next chapter reviews the higher education landscape in South Africa, with particular reference to KwaZulu-Natal. Chapter three will serve as a basis from which the scope of chapter four on marketing environment of technikons in KwaZulu- Natal is examined.

CHAPTER THREE

THE LANDSCAPE OF HIGHER EDUCATION IN SOUTH AFRICA

3.1 INTRODUCTION

In the previous chapter, the development of market orientation theory and practice was examined. Based on the current marketing literature, it was argued that market orientation can be applicable to higher education institutions. The application of market orientation does not mean academics must abandon their authority in curricular matters. The purpose of this chapter is to describe the the nature, types and other relevant issues pertaining to higher educational institutions in South Africa, with particular reference to technikons in KwaZulu-Natal. Where deemed necessary reference was also made to higher education in the national context.

The National Plan for Higher Education (NPHE), published in March 2001, mapped the landscape of Higher Education. The major emphasis in technikon education is on the development of high level vocational and technological human resources in South Africa. As a higher educational institution it is co-responsible with universities and other higher institutions for the socio-economic development and growth of the country. The universities and technikons are not in competition but complementary to each other. Veldmans (1989:130) asserts that the tertiary educational system in South Africa would be poorer indeed if both these institutions do not develop alongside each other. Technikons represent a dynamic and highly innovative sector of public higher education in South Africa. They are distinguished from the traditional universities by their focus of specialised programmes (CTP, 2001).

This chapter examines the framework for the introduction of degrees at technikons and thereafter the higher education service in the public sector is analysed. The South African Higher education sector, transformation and reconstruction and the new institutional landscape for higher education in South Africa is examined. These variables have a synergistic effect on technikons. This chapter will serve as a basis from which the following chapter develops a theoretical framework.

3.2 FRAMEWORK FOR THE INTRODUCTION OF DEGREES AT TECHNIKONS

Sentiments from an economic perspective, have been expressed that South Africa should endeavour to enter the manufacturing sector at greater pace, to address the competition within the world market. Historically, South Africa depended heavily on the mining and agricultural sector. This means that suitably qualified human resources at different levels are needed to fulfill the needs of an industrialised country (CTP, 1993)

During its relatively short history the technikon movement has moved through many developmental stages, namely, introducing of suitable subsidy formula, providing advanced research programmes and the introduction of Certification Council for Technikon Education (SERTEC) as an independent and acknowledged statutory body that focuses on certifying the educational soundness of technikon education. The success of technikons is evidenced by the increasing need for, and employment of, technikon students. This gives testimony to the fact that technikons have addressed the challenge of satisfying South Africa's career-focused high level human resources needs.

In spite of the above, it was necessary for technikons to review and adapt their programmes and qualification structure, to achieve recognition as full-fledged tertiary educational institution. The introduction of degree programmes with appropriate designations in addition to the existing first diploma programmes was necessary. The Committee of Technikon Principals (CTP), after wide consultations, submitted a memorandum to the Advisory Council for Universities and Technikon (AUT), wherein motivation was presented for the introduction of degree programmes for Technikons. CTP (1993:5), presented reasons for the introduction of technikon degrees as follows:

- The perception that a technikon diploma is inferior to a degree.
- The perception that career-focused programmes as offered by technikons, are inferior to the career-focused programmes of the universities.
- Many professional bodies demand a degree for registration purposes.

- The diversity of diplomas offered by technikons at various educational levels seem to confuse the public as regards the status of such diplomas.
- The need for equivalence between technikon and university qualifications for student mobility.
- The lack of status symbols within the technikon movement such as degrees should not disadvantage the increasing focus that is being placed on career education and technology in South Africa.
- The positive attitude in current education policy documents towards the awarding of degrees by technikons.

Technikons signalled the challenge of addressing the supply of career-focused high level human resources for South Africa. The transition from diploma-awarding institutions to diploma and degree-awarding was accomplished with the passing of the Technikons Act (Act No. 125, 1993).

3.2.1 Historical origins, development of Technikons

Technikons are educational institutions founded in 1967, under the name Colleges for Advanced Technical Education (CATEs). Technikons offer only tertiary education, providing the industry and business houses with skilled human resources and thus assisting in technological progress. The application of knowledge in the practical, real life situation is the vital issue in technikon education. The adoption of the Advanced Technical Education Amendment Act (Act No. 43 of 1979) resulted in the change of designation of technical colleges to "technikon". Technikon is an original word, wholly South African, formed from the Greek root-word "teche", which means to ingenuity, dexterity or skill and suffix "kon". This created the unique South African innovation for vocational and career-oriented education.

The need for technical education was first recognised by the end of the eighteenth century. This need was accelerated by the discovery of diamonds and by the growth of railways. The technical education was formalised with the founding of Railway Institutes in Natal from 1880s and the South African School of Mines in Kimberley in 1896. The Act of Union in 1909 reserved "higher education" under the portfolio of central government. Regrettably, there was no clear explanation

given to higher education and vocational education had no direct attention. This resulted in vocational education being an item that bounced for decades between the provinces and the State (Pittendrigh, 1988:109).

In 1923 the Higher Education Act led to the establishment of technical colleges. The technical colleges offered post school training which comprised of the application and acquisition of knowledge through theory. In 1957 the technical colleges in Durban, Johannesburg, Pretoria and Cape Town offered a national diploma for technicians, while offering some secondary and school level courses. In the economic boom of the sixties there was a parallel demand for technical subjects, resulting in some secondary courses being removed from the big four colleges. In 1967 these colleges were recognised as Colleges for Advanced Technical Education but the status in education was still unclear and contributed to the different perceptions of technikon education today (Anon., 1989:59).

In the second reading of Act No. 40 of 1967, the Minister of Education, Arts and Science stated "*... that they should mainly confine themselves to advanced technical and teacher training extending from more or less the standard level to a level somewhat lower than the university level in that particular field, providing that such training is of a more practical nature than the corresponding university training*" (Hansard, 1967, col. 970). In 1974 the Van Wyk De Vries Commission (The Commission of Inquiry into Universities), found that the colleges recognised as Colleges for Advanced Education (CATEs) did not occupy a niche between school and university, but were equal to universities. The Commission rejected the Minister's declaration and stated that "*this idea of horizontal dividing lines presupposes a hierarchy - a runged ladder standing on the ceiling of the secondary school, extending upwards through the sphere from which it continues upwards. The Commission cannot agree with this approach at all, and believes that it is this idea that is responsible for great deal of confused thinking on the relationship between the university levels; the correct view is that the CATEs has no ceiling and rise as high as its function permits*" (Van Wyk De Vries Commission, 1974:184).

With the findings of the Goode Commission (1978), CATEs acquired a new name (Technikon) and mission which made provision for technical education only at a tertiary level (Anon.,

1989:59). The existing CATEs were henceforth to be known as Technikons. In addition to these existing technikons, a number of new technikons were established according to separate legislation, such as Technikon Mangosuthu (1979), Technikon Northern Transvaal (1981), Peninsulu Technikon (1982), Border Technikon (1987) and Eastern Cape Technikon (1991). There were three technikons in Kwa-Zulu/Natal: Natal and ML Sultan in Durban and Mangosuthu at Umlazi. Natal Technikon, which originated in 1905, is the senior partner of the trio. ML Sultan Technikon started in 1927 as an educational institution for the Indian community. Mangosuthu Technikon is the only example in South Africa of industry founding a new technikon and awarding its first diplomas in 1985 (CTP, 1994). Natal Technikon and ML Sultan Technikon are in the city centre and Mangosuthu Technikon about twenty five kilometres south of Durban in Umlazi. In light of their proximity a merger of the three institutions has been mooted sometime ago to avoid duplication of courses which presently costs millions of rand (Devan, 1990:7). The merger of ML Sultan Technikon and Technikon Natal on the first of April 2002 resulted in the formation of the Durban Institute of Technology (DIT).

3.2.2 Policy for Technikon Instructional Programmes

According to South African Post Secondary Education System (SAPSE), the technikons are required to provide affordable, cost effective, quality career education and research for the dynamic needs of South Africa. Although the technikon is an autonomous tertiary educational institution, it operates within the policy of the Department of National Education (Report 2-150 :1996).

3.2.2.1 Statutory provisions

In terms of section 2(1) of the National Policy for General Education Affairs Act, 1984 (No 76 of 1984) the Minister of Education determines the general policy with regard to the following matters:

- norms and standards for financing of working and capital costs of education;
- salaries and conditions of employment;

- the professional registration of teachers; and
- norms and standards for syllabi, examinations and certification of qualifications.

3.2.2.2 Aims and objectives

Technikon courses cover most specialised career fields. The underlying philosophy has been explored as follows (NATED 2-118 (88/07):37):

- Technikons must support and guide students at the tertiary level towards greater maturity. This would mean that every technikon instructional programme and instructional offering should be at tertiary educational level. In addition the composition and offering of instructional programmes must be implemented in an educationally accountable manner.
- Technikons must prepare their students for a particular occupation or industry and must be oriented towards the practice, promotion and transfer of technology. In order to achieve this, the instructional programmes must cater for the needs of the relevant vocation/industry and a greater part of the programme must include the practical application of knowledge.

3.2.2.3 Hierarchical level of programmes

The orientation towards specific occupations rather than disciplines of technikon instructional programmes, provides for various exit levels at which successful students at each level may be employed and return for further study. A complete instructional programme involving a full year's study programme for a full-time student will represent one credit value (1,0). See Table 3.1 for a summary of the structure of National Instructional Programmes at Technikons. Instructional programmes are offered by technikons in accordance with the qualification structure below (Report 150 - 96/01):

TABLE 3.1 SUMMARY OF THE STRUCTURE OF NATIONAL PROGRAMMES AT TECHNIKONS

	N Cert	N H Cert	N Dip	N H Dip	B Tech	M Dip Tech M Tech	Laur Tech/ D Tech
Admission requirements	Sen Cert*	Sen Cert/ N Cert	Sen cert/ N H Cert*	N Dip*	N Dip*	N H Dip/ B Tech*	M Dip / M Tech*
Min total of training in years after Sen Cert	1	2	3	4	4	5	7
CREDITS: (a) Total	1	1	1	1	1	1	2
(b) At highest level	1 level 1	0,5 - 1,0 Level II	0,5 - 1,0 Level III	0,5 - 1,0 Level IV	0,5 - 1,0 Level IV	0,1 - 0,5 Level V	-
Experiential time (years)	0 - 0,33	0 - 0,67	0 - 1,00	0 - 0,33	-	-	-
Study level	I	II	III	IV	IV	V	VII
SAPSE Classification	Lower pre-dip	Lower pre-dip	Intermed pre-dip	Lower post dip or hig her pre-dip	Career first B-Degree	Career inte med post degree	Career hig her post- degree

* May also be an equivalent qualification.

Source: NATED (150 - 96/01:29)

- *National Certificate (N Cert)*

This qualification has a duration of one year tertiary education. The admission requirement is a Senior Certificate or equivalent. The instructional offerings are at level I, with total credit value of 1,0.

- *National Higher Certificate (N H Cert)*

The study duration is two years tertiary education or at least one year after receiving the appropriate National Certificate or equivalent. The total credit value is 2,0 at exit point and at least 0,5 of the credits should be for instructional offerings at level II.

- *National Diploma*

A qualification with a study duration of three years tertiary education, or extending over at least one year after receiving the relevant National Higher Certificate or equivalent. The total credit value is 3,0 and at least 0,5 of the credits should be for instructional offerings at level III.

- *National Higher Diploma (N H Dip)*

A qualification with a study duration of one year after obtaining an appropriate National Diploma or equivalent. The total credit value at exit level will be 4,0 and at least 0,5 of the credits should be for instructional offerings at level IV. The experiential time may be included where applicable in all of the above instructional offerings. In the case of a teaching qualification the instructional offerings comprise of various Education (Pedagogic) disciplines, excluding experiential time.

- *Baccalaureus Technologiae (B Tech)*

The study duration is one year after obtaining the appropriate National Diploma or equivalent. The total credit value at exit point is 4,0 and at least 0,5 of the credits should be for instructional offerings at level IV. In addition a maximum of 0,3 credits may be offered for a project

instructional offerings and no experiential time is included.

- *Master's Diploma in Technology (M Dip Tech)/
Magister Technologiae (M Tech)*

An advanced qualification involving either instructional offerings and research or research only, with a study duration of at least one year after receiving the appropriate B Tech degree or equivalent.

- *Laureatus in Technology (Laur Tech)/
Doctor Technologiae (D Tech)*

An advanced qualification that is based on research, with a study duration of at least two years after obtaining an appropriate M Tech or equivalent. This consists of an advanced research project.

3.2.3 Certification Council for Technikon Education (SERTEC)

The council was established in terms of Section 2 of the Certification Council for Technikon Education Act, 1986 (Act 88 of 1986). The purpose of the Council in terms of Section 3 of the Act is to ensure that corresponding technikon certificates issued by Sertec represent the same standard of education and examination. In terms of legislation, the functions and powers of examination for all instructional offerings are entrusted to the technikons. SERTEC may in terms of section 9 (1) of the Act prescribe conditions to the technikons with regard to the conducting of examinations. External examination and/or moderation is required at all levels, except at Certificate and Higher Certificate levels (Report, 150 - 96/01).

The functions of the council are reflected in Section 4 of the Certification Council for Technikon Education Amendment Act, 1993 (Act No 185 of 1993), namely:

- SERTEC shall after such investigation, on the conditions determined by it accredit the technikon in respect of an instructional programme, which complies with the norms and standards of education as prescribed by the Council;
- * SERTEC may withdraw the accreditation of any technikon if the Council is of the opinion that, the instructional programme no longer complies with the norms and standards of education prescribed, and the technikon does not comply with the any conditions of the council.
- * SERTEC in conjunction with the technikon, shall issue technikon certificates, in the form prescribed by the Council in conjunction with the technikon, to candidates that have complied with the norms and standards.

The Council conducts its accreditation activities on the level of each instructional level. Some technikons have introduced aspects of self-evaluation, which provides the institution some assurance that it meets the minimum standards and confirms the effective fulfilment of the institution's educational mission. Higher Education Quality Committee (HEQC) (see 3.5.3) has replaced SERTEC.

3.2.4 Co-operative Education

Co-operative education is an important element in the Technikon education paradigm, providing students the benefit of both formal education and training at technikons along with first-hand experience in the marketplace. Co-operative education is a broad term embracing a partnership between the technikon and employers. All aspects of education and training that directly affect and influence the partnership are included in this term. In-service/experiential training is that period of the study programme spent in industry and which is compulsory for the award of the National Diploma. Instructional programmes differ on the structure, but the objective of training is common. Specialists in the respective industrial field support and guide the instructional programmes for relevance and marketability. Therefore input from commerce and industry has a pivotal role in course content and its relevance in the marketplace.

Co-operative education as articulated in (SASCE, 1999) includes the following essential features:

- it involves a strategy of applied learning;
- it comprises a structured programme, supervised by the technikon in collaboration with employing organisation(s);
- relevant productive work is an integral part of the student's academic programme, comprising an essential component of the final assessment, and
- the work experience component involves productive work, which comprises a reasonable proportion of the total programme.

The technikon makes the final evaluation of the student, finalising the level of expertise at the conclusion of the formal educational programme. The main advantage of co-operative education is the experience in the profession and knowledge of the industry, organisational structures, employer's expectations and personal growth in the chosen field (CTP, 1995).

3.3 HIGHER EDUCATION SERVICE IN THE PUBLIC SECTOR

The South African education market is probably the largest in Africa, with R 35 billion being spent on education. More than 90 percent is publicly funded, but the education system has not yielded the desired results. Taking the future market into consideration, it is too expensive to allow mass access to higher education, which provides the financial case for reform by inter alia managing costs per full-time equivalent (FTE) student down and attracting alternate sources of revenue (South Africa, 2001). In general, funding levels for higher education fluctuates with the availability of government resources. The lack of sustainable public financing can limit enrollment at higher education institutions unless there are private funds available. The increasingly diminished financial support from the government and greater public demand for improved services, would necessitate innovative means to generate additional income to public sector services at desired levels. The current transformation in higher education through the National Plan for Higher Education put forward by the ministry of education and the proposals of the new funding framework for higher education, calls for greater accountability by management in higher education institutions.

3.3.1 Technikons as non-profit organisations

Marketing in public and nonprofit organisations followed a reactive approach by management, concentrating on short term results and policy and structural adjustments were considered in response to crises (Kotler & Andreasen, 1987:17). Bovee et al. (1995:316) affirm that educational institutions may seek social goals that reflect the community's desire to improve life for some or all members. He further adds that the institution may use marketing techniques that does not reflect social goals to attract sufficient students to maintain adequate financing.

Blois (1995:679) states that the term "non-profit" can be applied to following organisations:

- the primary goal is not the creation of profits; but,
- they may utilise profit-making activities, merely to support the primary goal.

The Green Paper (1996:3) on transforming the Public Service Delivery states that "*A guiding principle of the public service in South Africa will be that of service to the people*". It must be noted that there has been paradigm shift in the public sector which is the result of the demise of concept "*public administration*" and the ascendancy of the term "public management". This change, which is by no means a mere accident of fashion, indicates the importance of the citizen in the relationship with the state. Marketing has to contribute to this new managerialism and therefore needs a clear conceptualisation of the public sector (Butler & Collins, 1995:83).

3.3.1.1 Description of non-profit organisation

" A non-profit organisation is an organisation whose attainment of its prime goal is not assessed by economic measures. However, in pursuit of that goal it may undertake profit-making activities " (Blois, 1995:679).

Non-profit organisations can be legally defined, but it is important to understand the organisation's environment and the specific marketing activities that constitute its mission. The five major factors, affecting the organisation's environment, are aptly summed by Kotler & Andreason

(1987:13) as follows:

- whether it is a donative or commercial organisation,
- whether its performance is subject to public scrutiny,
- whether marketing is perceived to be undesirable,
- whether the organisation is largely volunteer, and
- whether marketing is judged by non marketing standards.

The missions of non-profit organisations differ depending on the demand these institutions seek to influence and the activity involved. Although non-profit organisations seek to influence exchanges of money for goods and services as profit organisations, however, their uniqueness is concentrated on exchanges involving non-monetary costs on the one hand and social and psychological benefits on the other (Kotler & Andreason 1987: 13-30). It can be argued that profit earning is seen as an objective of business, but it cannot be justified in the non-profit sector, especially in Technikons.

3.3.1.2 Characteristics of non-profit organisations

There are a number of factors that affect the role of marketing in a non-profit organisation. These features, which are distinctive of non-profit organisations, has been articulated by Marx & Van der Walt (1993: 630), as follows:

- **Nature of products:** Majority of non-profit organisations offer services and not tangible goods.
- **Multiple relationships:** They have at least two interest groups to maintain good relations (clients/sponsors).
- **Non-Financial objectives:** They do not seek profits and focus primarily on a variety of social objectives.
- **Public Scrutiny:** They often come under public scrutiny because these organisations are subsidised by the government. These non-market factors place extra pressures on non-profit organisations.

- Exchange Relationship: There are three parties involved in the exchange relationship of non-profit organisations; the donor, beneficiaries and society.
- Attitude towards marketing: Non-profit organisations are gradually applying business principles in the management of these institutions. The implementation of marketing principles are scarce and management is inclined to limit marketing efforts to marketing communications, for example, advertising and personal selling.

It is evident from the above that public sector marketing is different. If non-profit institutions perform an ineffective marketing job, the costs are massive. Empty beds in hospitals and empty lecture rooms in a technikon constitute a waste of resources that no country can afford (Etzel, et al., 1997:514). The scope of service marketing in non-profit organisations is enormous and many non-profit organisations are adopting modern business techniques, including marketing with customer orientation.

3.3.2 Educational institutions

Traditionally, educational institutions had no need to take marketing seriously. Gray (1991:29) asserts that educational institutions were started and financed for specific purposes, which included students specified by age, ability and geographical location. As the demand for places from students was greater than the supply of places on various courses, many institutions limited their efforts to the production of a prospectus and endeavoured to fill spare places through some clearing system. Today, most educational institutions attempt to regulate demand by introducing some entry criteria, which normally includes some entry qualifications. The times have changed with the large increase in the numbers of courses available and has made it more difficult for educational institutions to recruit students for some courses. There is a need for an pro-active approach, to attract good students to fill empty seats (Hill & O'Sullivan, 1996:22). The structure, life styles, values and expectations of South African society have seen marked changes in the last five years. The environment of higher educational institutions has changed as evidenced by massive growth in student numbers, especially of African students.

3.3.2.1 Characteristics of higher educational institutions

The characteristics of higher educational institutions has been explored by Litten (1980:46-58) as follows:

- The selection of a higher educational institution is a major and complex decision. Very often the student's decision is only made once in a lifetime.
- Higher educational institutions market a comprehensive package of service including academic and social learning experiences.
- The technical and performance descriptions of these institutions are complex to describe and are not always readily available.
- These institutions may selectively exclude potential clients on bases other than price.
- Customer behaviour is characterised by multiple, simultaneous applications to several preference ranked tertiary educational institutions.
- Performance criteria are applied to students to determine whether they may continue to be customers and to determine the level of benefit the investment by the student purchases.
- The abilities and efforts of the student interaction with the institution and thereby influencing the nature and result of educational services.
- The matriculant as prospective student has less maturity and experience on which to base his choice of tertiary educational institution and specific direction than adults faced with decisions of similar magnitude.

- The individual client pays a small fraction of the cost of the educational services and the general public pay substantial proportions through taxation and donation.
- Financial aid based on ability to pay is a major aspect of financing higher education consumer purchases.
- Trial size introductory offers and introductory price are difficult to adapt to higher educational services.
- Personal communication and publicity are more effective promotional tools than advertising for educational institutions.
- The educational institutions need to maintain standards and therefore a complete responsiveness to the market and individual desires are not possible. Some courses may be discontinued because of lack of demand and may impact on certain cultures.
- Competition in higher education is concerned with being selective in admissions and securing grants rather than with eliminating competition or dominating the market.

In highlighting the characteristics of educational institutions, it is apparent that these institutions also require to incorporate marketing within their operations. The benefits of marketing in Technikons would obviously outweigh any criticism that may exist.

3.3.2.2 Essentials of educational marketing

Education is a service, much in common with other services, and marketing is an important management function. A market orientation in an educational institution would concern itself with the interests and needs of the student as a customer. An educational marketing perspective would also consider methods in which existing services may be offered to new market segments. The marketing perspective would also endeavour in enhancing the corporate image of the institution and service deliverance (Gray, 1991:27). Simerly (1989:10) draws attention to

important guidelines that would lead to the development of more effective marketing plans for educational institutions:

- There should be clear understanding of the differences among marketing, advertising and publicity; this will help in drawing up an effective marketing plans.
- There must be relationship to achieving overall mission, goals and objectives of an institution.
- The scanning of the environment would assist in the operational efficiency of marketing activities.
- Developing customer service orientation would enhance the institution and marketing.
- Psychographic and demographic data are essential components of marketing data base for necessary regular modification of marketing plans.
- Marketing segmentation is an important marketing concept for higher educational institutions.
- Tracking the effectiveness of marketing efforts is necessary in the total marketing plan.
- The development of a marketing plan is an continuing process, requiring constant modification.
- An up to date library of marketing resources would help staff in becoming more effective in their marketing efforts.

Litten (1980:56) asserts that marketing techniques should be applied to higher education in a socially responsible manner. Essential to any understanding of marketing educational institutions is the recognition that it is a significant and central management function. Educational marketing

relates to and influences the other major elements of education management: staff management, curriculum management and resource management. The basic marketing notions of marketing planning, marketing audit and research and the marketing mix would provide an understanding of the functions necessary for effective management of marketing of educational institutions (Gray, 1991:38).

3.3.3 Service marketing

Technikons are also part of the service industry. This section provides a outline of the nature and characteristics of service organisations.

3.3.3.1 Description of services

At the outset, it is necessary to make a distinction between products, goods and services . Marketing theory has been dominated by concepts and terminology derived from the marketing of goods. This orientation endured despite a recognition that services have a number of unique characteristics. In as much as goods and services both provide benefits and customer satisfaction, they have both been described as products in the widest sense of the word. There has been a tendency to use the terms *goods* and *products* inter-changeably and with little attention to the service which has far-reaching implications for marketers. The product includes both a goods and service element and a good is defined purely in terms of its physical properties (Gabbott & Hogg, 1994:312). Product marketing and service marketing are essentially the same in concept. However, the basic characteristics that differentiate services from products usually result in a different marketing programme in a service organisation. Therefore, the strategies used in product marketing are often inappropriate for service marketing.

Modern definitions of services focus on the fact that a service in itself produces no tangible output, although it may be instrumental in producing some tangible output. A contemporary definition is provided by Kotler et al. as stated in Palmer (2001:2):

" A service is an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product".

A refinement of the American Marketing Association definition as stated in Cowell (1993:22) reads as follows;

"Services are those separately identifiable, essentially intangible activities which provide want-satisfaction, and that are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods. However when such use is required, there is no transfer of title (permanent ownership) to these tangible goods".

The above definitions emphasise directly or by implication on the essentially intangible nature of a service. Palmer (2001:3) focuses on a definition that recognises the grey area between a pure good and a pure service. Services is defined as: "The production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange satisfies an identified need". Most definitions of services are still framed in terms of differences with goods. If services are seen not as separate entity but only as a different type of product, the differences identified between goods and services are not fundamental but rather classificatory. For the purpose of this study which focuses on the essence of service marketing, the latter definition emerges as appropriate as supplementary services that support the sale of goods or other services are excluded.

3.3.3.2 Characteristics of services

Several unique characteristics of services distinguish the market offerings from traditional products. Zeithaml & Bitner (2003:20) assert that there is agreement that there are inherent differences between goods and services for service businesses and for manufacturers that offer service as core products. It is recognised that the characteristics of services present distinctive challenges for marketers, compared with products. These are identified as intangibility, inseparability, variability, perishability and the inability to own a service (Palmer, 2001:15-20):

Intangibility

Services are essentially intangible. It is often not possible to taste, feel, see, hear or smell services before they are bought. Opinions and attitudes may be sought prior to purchase, a repeat purchase may rely on previous experience. Intangibility is important to customers because it makes products difficult, sometimes impossible to evaluate before use and in many cases extremely difficult to evaluate even after use (Zeithaml & Bitner, 2003:20). The client may be given something tangible to represent the service, but ultimately the purchase of a service is the purchase of something intangible.

Etzel et al. (2004:290) outline four promotional strategies that emphasise service benefits and reduce the effect of intangibility:

- Visualisation - the sea cruises companies can depict their benefits with advertisements that indicate persons dancing, dining, involved in deck sports and arriving at their exotic destination.
- Association - the purpose is to connect the service with a tangible good, individual or place. Companies can use objects in their advertisements to project the relevant image.
- Physical representation - banks use various colours in their cards to symbolise wealth and prestige. DHL shows remote rural areas in its television advertisements to emphasise its unique delivery feature.
- Documentation - airline companies cite facts and figures in their advertisements to support claims of punctuality, customer service and safety.

Management should concentrate on two-way flow of communication with consumers because of their varying individual needs. Mass communication for service sector should be supported by individual one-on-one follow-up.

Inseparability

Services often cannot be separated from the person of the seller. A corollary of this is that creating or performing the service may occur at the same time. Products are usually purchased, sold and then consumed whereas services are usually sold and then produced and consumed. The client's opinions regarding a service is often formed through contacts with the production/marketing personnel and by the impressions of the physical surroundings of the organisation. The inseparability of the creation and performance of certain kinds of service applies particularly to some personal services and a negative customer experience will invariably be translated directly into negative perceptions about the organisation (Kasper et. al, 1996:16).

From a marketing standpoint, distribution is limited in a service firm. A lecturer can only teach so many students in a day or a general practitioner in a state hospital can attend to only so many patients each day. An exception to the inseparability feature are some services that may be sold by a person who is representing the producer/seller. A travel, insurance, or rental agent may represent, promote and sell services that will be provided by organisations producing them (Etzel, et al., 2004:291).

Heterogeneity

It is difficult to achieve standardisation in the output of some services. The standard of a service in terms of its conformity to what is prescribed by the seller is dependent on time and supplier of the service. A service is an experience involving complex human interactions, which is often difficult to replicate as performance cannot fully be controlled by management. Similarly two visits to a doctor are not the same, even the benefit of improved health is the offer in each case.

The consequence of heterogeneity for the marketing of services is to consider explaining the advantages over competitive offerings (Hill & O'Sullivan, 1996:370). Standard systems are used to handle flight reservations, each "unit" of service may differ from other "units". Franchise operations attempt to ensure standards of conformity but, ultimately, with services it is difficult to ensure the same level of quality of output as it may be with goods. Even from the customer's

point of view it is difficult to judge quality prior to purchase (Cowell, 1993:25).

Perishability

Services are perishable and cannot be stored. Spare seats on a package tour or an empty lecture room represent capacity lost if they are not consumed when they are available at any point in time. Considerable fluctuating demand patterns apply to some services which aggravate the perishability feature further. Important marketing decisions in service organisations relate to what service levels will be provided and how to respond in times of low and excessive usage, for example applying differential pricing or special promotions (Fitzsimmons & Fitzsimmons, 2000:29).

Marketers can attempt to equalise the demand for and supply of services as follows (Marx & Van Der Walt, 1989:553):

The demand side can be influenced by:

- developing the market during low periods, for example Holiday Inn's Weekenders and Southern Sun's Sun Scapes;
- providing complementary services in order to decrease the demand for the original service, for example Standard Bank's Auto Card that allows for depositing as well as withdrawal of money outside normal hours;
- quoting lower prices during low periods and higher prices during peak times, for example the rates for telephone calls which are cheaper between certain times during weekdays and weekends.

The supply of services can be influenced by:

- the appointment of part-time personnel during peak periods;

- providing of only essential services during peak periods;
- implementing consumer participation, example of self-service in a restaurant;
- utilising existing facilities simultaneously, example of Saswitch and Multinet Systems.

Ownership

The inability to own a service is related to its intangibility and perishability. When a service is performed, no ownership is transferred from seller to buyer. The buyer is merely buying the right to a service process such as the use of a car park. A distinction should be drawn between the inability to own the service act and the rights that a buyer may acquire to have a service carried out at some time in the future, for example an air ticket gift voucher/prize. The inability to own a service has implications for the design of distribution channels - a wholesaler or retailer cannot take title, as in the case of goods. Direct distribution methods are more common in service marketing (Palmer, 2001:20).

Kotler et al. (1996:592) assert that there are methods, to reinforce brand identity and affinity with consumers because of the lack of ownership. These are as follows:

- Incentives offered to consumers to use the service again, for example airlines promoting frequent - flyer schemes.
- The creation of membership clubs or associations, example Holiday Clubs give an impression of ownership.

Managers of services should realise that the measurement of capacity and delivery efficiency of services is highly qualitative rather than quantitative. Irons (1991:7) summarises, five distinguishing elements of services:

- Services are transient - they are "consumed" then and there. They have no lasting material being and may leave only memories.
- Services are mainly represented by people - they cannot be separated from the person of the provider, whose personal characteristics and self perceptions are "on show" to the consumer and indeed form an important part of consumer perception.
- Services are only finally selected face-to-face with the consumer and at the time of consumption. They are perishable - production cannot be run and be stored against future demand.
- Services are essentially a series of "one-off" production runs. It is difficult to achieve standardisation and exercise quality controls.
- Services are open to influence directly from the consumer, since they participate in and help make the final product for example a restaurant

From the above discussion it can be surmised that the unique characteristics of services requires a special strategy for services. The services marketing mix for technicians is discussed in the next chapter, see section 4.5.3.

3.3.3.3 Concluding remarks on service marketing

The broad principles of marketing of marketing are applicable to services marketing and is widely applied. Marketing of services is no different to any other kind of marketing because fundamentally the focus is on the customer. The service environment has changed and the focus is on productivity and measuring customer satisfying performance. Environmental pressures necessitate technicians to adopt market orientation. Service marketing is a useful perspective for addressing marketing higher education. The theory of service marketing can be applied in technicians.

3.4 SOUTH AFRICAN HIGHER EDUCATION SECTOR

The Council on Higher Education (CHE) advises the Minister of Education on matters relating to the structure, planning and governance of the higher education sector, funding formulas, student financial aid and support services, quality promotion and control, as well as language policies. Universities and technikons in South Africa are autonomous institutions, meaning that their respective councils are fully responsible for their management. South Africa has 21 universities and 15 technikons, governed by Private Acts of Parliament. Innovation, privatisation and a capitalist approach seem to play an ever increasing role in education. The Higher Education Act, 1997 enables private tertiary institutions to register as private technikons and universities. According to Ghazi & Irani (1997:3) the demographic, social and political trends will drive major change within the education sector, resulting with the emergence of nation-wide-for-profit educational institutions that will provide high-quality, relevant educational content and services, at all ages and skill levels, timeously and cost effectively. It is evident that the current government seeks to promote and foster private sector involvement. The policy will be endeavoured and may inevitably lead to a two-tier education system (as in health care) of quality private provision and quantitative state provision.

The South African higher education sector can be divided into two major strategic groups in terms of their respective competitive strategy and market forces, namely the public and private higher education sector. According to figures released by the Department of Education (CHE, 2000) since August 1999, an increasing number of South Africans are opting for studies at technikons rather than universities. Between 1993 and 1997, technikon enrolments increased by 46% from 147 000 to 215 000. The document also indicates that the number of African students at former white universities and technikons had risen from 41% in 1993 to 57% in 1997 and predicted that would reach 60% by 2001. Enrolments at universities between 1993 and 1997 increased by 8.6 % and are expected to grow by 12% in 2001. The higher education system has grown by 98 000 between 1993 and 1997, from 496 000 students to 594 000. The student enrollment in public sector in 1988 exceeded 600 000, while the private sector was in excess of 100 000 (Cloete, 1998:23). Substantial information on public sector (SAPSE data) is available, while limited information on private sector is forthcoming as most private institutions regard their information

confidential. In 1998, the Department initiated the process of incorporating colleges, including education, agriculture and nursing colleges, into the higher education system. Colleges of education offer three or four year diploma courses for initial qualifications for primary or secondary school teaching. A number of colleges have entered into agreements with universities, enabling joint endorsement of the certification of teachers.

3.4.1 Public Higher Education

The number of public university and technikon enrolments (see Table 3.2) increased between 1999 and 2000 increased by seven percent, from 540 039 to 579 257 (de Souza, 2002 : 239). It is further reported that the number of degrees, diplomas and certificates awarded by public universities and technikons increased from 66 506 to 85 989 between 1992 and 1996, an increase of 29 percent. Between 1996 and 1998 there was a decrease of five percent, from 81 674 to 81 674. Universities dominate the student enrolment in the public higher education sector (see Table 3.3), with more than 60 percent enrolled in universities, about 30 percent in technikons and the balance in colleges (Buikema, 1998:20). He further states that South Africa has one of the largest higher education systems on the African continent, and probably one of the highest participation rate. In the mid-1990's more than 20 percent of South Africans in the age group 20-24 were enrolled in either public or private higher education institution. The available statistical information on the number of people who have university qualifications, were for 1998 (See Table 3.4).

Table 3.2 Public Higher Education Enrolment**Public university and technikon enrolment, 1985 - 2000**

Year	UNIVERSITIES		TECHNIKONS		Total enrolment	Increase/decrease
	Number	Increase/decrease	Number	Increase/decrease		
1985	211 756	-	59 118	-	270 874	-
1986	233 625	10,3%	43 490	-26,4%	277 115	2,3%
1987	250 243	7,1%	56 446	29,8%	306 689	10,7%
1988	272 445	8,9%	56 815	0,7%	329 260	7,4%
1989	286 359	5,1%	75 797	33,4%	362 156	10,0%
1990	285 986	-0,1%	92 721	22,3%	378 707	4,6%
1991	323 889	13,3%	105 722	14,0%	429 611	13,4%
1992	318 944	-1,5%	113 870	7,7%	432 814	0,7
1993	329 892	3,4%	138 443	21,6%	468 335	8,2%
1994	360 250	9,2%	167 885	21,3%	528 135	12,8%
1995	385 221	6,9%	190,191	13,3%	575 412	9,%
1996	381 498	-1,0%	183 310	-3,6%	564 808	-1,8%
1997	372 845	-2,3%	208 956	14,1%	581 801	3,1%
1998	351 692	-5,7%	250 244	19,8%	601 936	3,5%
1999	347 164	-1,3%	192 875	-22,9%	540 039	-10,3%
2000	380 168	9,5%	199 089	3,2%	579 257	7,3%

Source : South Africa (2001 :262)

There are major inefficiencies related to student throughput rates, graduation rates, student dropouts, student repetition and retention of failing students, and unit costs across the system. South African universities and technikons produced about 75 000 graduates and diplomates in

Table 3.3 Headcount of Enrolled Students according to Tertiary Institution and Gender by Province, 1998 (a)

PROVINCE	UNIVERSITIES				TECHNIKONS			
	b	Male	Female	Total	b	Male	Female	Total
Eastern Cape	4	9068	12555	21623	3	7742	7984	15726
Free State	1	4737	5050	9787	1	3258	2889	6147
Gauteng	6	93423	116491	209914	5	73808	52282	126090
KwaZulu-Natal	3	14316	16368	30684	3	13249	12154	24403
Mpumalanga	-	-	-	-	-	-	-	-
Northern Cape	-	-	-	-	-	-	-	-
Limpopo- Province	2	8098	9835	17933	-	-	-	-
North-West	2	8751	11635	20386	1	1304	2606	3910
Western Cape	3	21738	20674	42412	2	9678	8240	17918
Total	21	160131	192608	352739	15	109039	86155	195194

Source : South Africa Yearbook (2000 : 438)

- (a) The provinces with no numbers do not contain universities or technikons.
- (b) Number of Institutions.

1998 on a head count enrolment base of 600 000 students (350 000 in contact programmes and 250 000 in distance programmes). If the system had achieved acceptable throughput rates for contact programmes and 12% for distance programmes, then approximately 100 000 graduates/diplomates would have been produced by the higher education system in 1998. The inefficiency of the system resulted in South Africa having 25 000 fewer graduates/diplomates in 1998 (CHE, 2000:14).

Table 3.4 University qualifications obtained by level of qualification, 1991 and 1998

Type of qualification	1991		1998	
	Number	Proportion	Number	Proportion
Bachelor's degree (3 years)	19 250	45,4%	25 143	43,3%
Bachelor's degree (4 years)	7 018	16,5%	10 755	18,5%
Postgraduate diploma	3 398	8,0%	4 537	7,8%
Honours degree	9 074	21,4%	12 350	21,3%
Master's degree	3 115	7,3%	4 567	7,9%
Doctorate	587	1,4%	701	1,2%
Total	42 442	100%	58 053	100%

Source: Shapiro & Jacobs (1999:104)

Some success has been achieved towards the goals of equity and social redress through developments of higher education in South Africa (see Table 3.5 and Table 3.6). In terms of 'race' and gender the student body has become much more representative since 1994. According to the CHE report (2000: 14), in 1999, 59 percent of all students in universities and technikons were African and only 29 percent white, compared to 40 percent African students and 47 percent white students in 1993. Further in 1999, 52 percent of all students in universities and technikons were female, compared to 43 percent in 1993. These changes in student composition in the short period is promising.

In terms of the enrolment growth between 1985 and 2000, Technikon enrolments have grown faster than Universities. As far as the distribution of enrolments across the existing higher educational institution are concerned (South Africa, 1999), the following pattern has emerged since 1993:

- decreasing in the Historically Black Universities (HBUs)
- increasing in the Historically Afrikaans Universities (HAUs)
- remaining steady in the Historically English Universities (HEUs)

Table 3.4 Public university enrolment by institution and race, 2000 (a)

University	African	Coloured	Indian	White	Unknown	Total
Cape Town	4 690	2 388	9 202	9 202	2	17 569
Durban-Westville	4 995	96	2 868	156	0	8 115
Fort Hare	4 391	6	2	17	0	4 416
Free State	4 805	484	191	6 663	0	12 143
Medunsa (b)	2 926	32	401	124	0	3 483
Natal	10 608	587	6 956	4 830	3	22 984
North	8 757	7	12	29	2	8 807
North West	N/A	N/A	N/A	N/A	N/A	N/A
Port Elizabeth	18 096	857	298	2 823	0	22 074
Potchefstroom	4 900	394	197	8 091	4 593	18 155
Pretoria	17 207	548	1 115	19 741	0	38 611
Rand Afrikaans	8 516	506	866	9 763	0	19 651
Rhodes	2 082	224	525	2 936	0	5 767
Stellenbosch	2 744	1 992	389	14 354	0	19 479
Transkei	3 183	1	77	13	9	3 283
Unisa (c)	53 276	5 481	13 073	43 464	0	115 294
Venda	5 194	0	2	15	0	5 211
Vista	21 768	384	34	154	0	22 340
Western Cape	4 949	3 881	609	206	30	9 675
Witwatersrand	7 056	393	2 634	7 686	2	17 771
Zululand	5 092	26	88	134	0	5 340
Total (d)	195 235	18 287	31 624	130 401	4 621	380 168

Source : Survey (2001/2002:263)

- a. As at September 2001
- b. Medical University of Southern Africa
- c. University of South Africa
- d. Total excludes the University of the North West.
- N/A Not available

- increased between 1993 and 1997 and remaining steady since in the Historically Black Technikons (HBTs)
- increasing in the Historically White Technikons (HWTs)
- decreasing at UNISA and remaining steady at Technikon SA.

It is further stated in the document (South Africa, 1999) that the reasons or the changing distribution of enrolments are not known and require further investigation. However, a number of factors have been identified by the higher educational institutions, including:

- student and parental perceptions of instability and the resultant declines in quality and standards at the Historically Black Institutions;
- poor matriculation results, especially in relation to universities exemption passes;
- lack of access to financial support;
- flexible entry requirements and expansion of distance and telematic programmes in the Historically Afrikaans Universities and the Historically White Technikons;
- increased competition from private higher education institutions; and
- perceptions that technikon programmes were more likely to increase employment opportunities.

The demographic composition of student body is undergoing major changes and is beginning to resemble the demographic realities of the broader society. Unacceptably large numbers and proportions of students drop out of the higher education system each year, especially first-time entering under graduates. The higher education intake of first-time entering undergraduates is about 120 000 students for the past few years. Approximately 30 000 (25 percent) of the

Table 3.5 Public technikon enrolment by institution and race, 2000 a

Technikon	African	Coloured	Indian	White	Unspecified	Total
Border	4 660	14	3	63	0	4 740
Cape	2 660	2 913	237	4 488	0	10 298
Eastern Cape	4 243	7	2	21	2	4 275
Free State	3 523	323	14	2 091	0	5 951
Mangosuthu	5 177	2	9	9	0	5 197
ML Sultan	4 749	84	2 539	99	0	7 471
Natal	5 804	263	1 588	1 842	181	9 678
North West	4 194	3	1	2	0	4 200
Northern Gauteng	9 332	13	8	4	1	9 358
Peninsulu	5 675	2 895	45	218	0	8 833
Port Elizabeth	4 912	945	141	2 497	0	8 495
Pretoria	25 817	350	295	6 892	0	33 354
TSA	42 712	4 062	2 298	11 053	0	60 125
Vaal Triangle	12 503	179	96	1 881	0	14 659
Witwatersrand	9 439	309	550	2 157	0	12 455
Total	145 400	12 362	7 826	33 317	184	199 089

Source : South Africa (2001 : 264)

a As at September 2001

undergraduate students drop out of universities and technikons at the end of their first year of study (CHE, 2000: 08). It is also reported that at least 100 000 students drop out of South African universities and technikons per year, out of an enrolment total of about 600 000 (see Table 3.7)

The higher education system has grown, in terms of head count enrolments, between 1995 and 1998, i.e. 570 000 to 604 000 or just six percent. In terms of overall enrolments, gender equity seems to be effected satisfactorily since 1997. However, gender equity continues to remain a

Table 3.7 Head -count enrolment at public universities and technikons, 1995-2000 a

	1995	1997	1998	1999	2000	Increase/ decrease 1995-2000
Historically black universities	111 000	99 000	91 000	80 000	74 000	-33%
Historically white universities	145 000	172 000	184 000	192 000	199 000	37%
- Afrikaans	92 000	116 000	126 000	131 000	137 000	49%
- English	53 000	56 000	58 000	61 000	62 000	17%
University of SA	128 000	124 000	121 000	108 000	112 000	-13%
Historically black technikons	32 000	43 000	45 000	44 000	46 000	44%
Historically white technikons	68 000	82 000	86 000	92 000	94 000	38%
Technikon SA	86 000	77 000	77 000	65 000	60 000	-30%
Total	570 000 c	597 000 c	604 000 c	582 000 c	585 000 bc	3%

Source : South Africa (2001 : 264)

- a Figures for 1966 were not provided.
- b This figure differs from the total number of public university and technikon enrolments provided by the department of Education, and given in "Public university and technikon enrolment, 1985 - 2000" , probably because the latter figure excludes the University of North West.
- c Figures should add up vertically but may not, owing to rounding.

challenge in certain fields of study, at postgraduate level and in technikons. The output of degrees, diplomas, and certificates awarded by public universities and technikons in the field of Business, commerce and management sciences are shown in Table 3.8.

Table 3.8 Business, commerce and management sciences - Graduates/Diplomates (1992 - 1998)

YEAR	OUTPUT
1992	11 273
1996	13 913
1998	14 793

Source : South Africa (2001 : 267)

The above table indicates an increase of 31 percent between 1992 and 1998. Degrees, diplomas, and certificates awarded by public universities and technikons by race in the field of business, commerce and management sciences (Business Studies) of study in 1998 is shown in Table 3.9.

Table 3.9 Graduates/Diplomates by race in Business studies - 1998

African	4 950
Coloured	904
Indian	895
White	8 044
Total	14 793

Source : South Africa (2001 ; 268)

The university plus technikon enrollments since 1986 has shown that the participation of African students has grown dramatically (see Table 3.4). The public higher education institutions have also experienced a decline of white students and there is no clear evidence of where the “missing” white students have gone. The high cost associated with higher education and poor matric pass may be some reasons for the decline in white student enrollment. The other most likely possibilities are that many are registering in private higher education institutions or are simply not enrolling at all.

3.4.2 Private Higher Education

The South African Constitution and the Higher Education Act of 1997 provide for private higher education. In a perfect economy, the argument that education should be left to the government and the private sector should not interfere with the basic service, may be true. South Africa has a relatively short history of private higher education, with a mushrooming of private higher education institutions occurring during the 1990's. There has been an increase in private higher education institutions, mainly in form of small single-purpose providers. They include local institutions that operate independently or in partnership with local public or foreign public and private institutions, and a number of overseas private and public institutions. There are no accurate figures, (see Table 3.9) for full-time equivalent (FTE) enrolments within the private sector.

According to CHE Report (2000: 11) private institutions that contribute to the diversification of higher education system could be sources of innovation. It is further reported that private higher education institutions are inadequately regulated in terms of registration, accreditation and quality assurance. This raises concerns around quality, effective protection of learners and possible detrimental effect on the public higher education system. In South Africa there are currently 88 private higher education institutions registered with the ministry of education (South Africa : 2001:59).

The Department of Education had processed applications for registrations from private higher education institutions since January 1999. The registration process was complemented by preliminary accreditation, conducted by the South African Qualifications Authority (SAQA), for both learning programmes and institutional capacity. It seems very likely that public higher education institutions will be required to recognise qualifications of shorter duration, presented by private education sector. In addition, private education sector will be allowed to award national and international recognised qualifications.

Table 3.10 Enrolment by race and qualifications level at private higher education institutions, 2000

Race	Doctorate	Master degree	First degree	Dip/cert	Unknown	Total
African: Number	6	3 164	4 038	33 465	1 303	41 976
Proportion of all races	15%	52%	27%	39%	54%	39%
Coloured : Number	1	353	275	3 306	195	4 130
Proportion of all races	3%	6%	2%	4%	8%	4%
Indian: Number	2	379	235	4 643	124	5 384
Proportion of all races	5%	6%	2%	5%	5%	5%
White : Number	30	1 684	1 775	12 668	709	16 866
Proportion of all races	77%	28%	12%	15%	29%	16%
Unknown : Number	0	512	8 774	30 960	99	40 345
Proportion of all races	0%	8%	58%	36%	4%	37%
All races : Number	39	6 092	15 097	85 042	2 430	108 701
Proportion of all races	0%	6%	14%	78%	2%	100%

Source : South Africa (2001 : 271)

- * Number of full-time equivalent enrolments. This is calculated by dividing the total number of course modules taken by full-time and part-time students by the number of head-count enrolments, in order to form a basis for comparison unaffected by enrolments which are only part-time.
- * The authors of the study acknowledged that the accuracy of the distribution of the distribution of the figures by race was doubtful.
- * The study covered a limited subset of 145 institutions which had applied for registration by May 2000 and for which sufficiently complete and reliable data was available. The findings should be seen to identify trends in the private higher education sector, rather than give a quantitative report on it. Moreover, full-time equivalent enrolments were not accurately and consistently calculated by the institutions and cannot therefore be assumed reliable.
- * As calculated by the South African Institute of Race Relations.

3.5 TRANSFORMATION AND RECONSTRUCTION OF THE HIGHER EDUCATION SYSTEM

The country depends on higher education system to meet the high level human resource needs and to be the engine for the creation of new knowledge and innovation. During January 2000, the Minister of Education requested the Council on Higher Education (CHE) to conduct “an overarching exercise designed to put strategies into place to ensure that our higher education system is indeed on the road to the 21st century” (CHE : June 2000). The Task team’s point of departure was the Education White Paper 3 : A Programme for the Transformation of Higher Education 1997. The goals and purposes advanced in the White Paper are equity and redress, quality, development, effectiveness and efficiency. The Task team had full access to the institutional plans of all universities and technikons and to various reports and databases of the Department of Education. The Task Team had a common commitment to transform higher education so that it is “responsive to the needs of students of all ages and the intellectual challenges of the 21st century”.

The White Paper of 1997 has established a comprehensive transformation agenda in an attempt to harness higher education to assist overcome social-structural inequities, contribute to reconstruction and development and position South Africa to participate effectively with globalization (CHE Report, 2000: 38). The proposals of Task team seek to address that South Africa will be a better place in the 21st century and the higher education system will be better equipped for the challenges of 21st century. The National Plan for Higher Education (South Africa, 2001), approved by Cabinet in February 2001, identified five key areas for achieving the overall goal of transformation of the higher education system:

- To increase access and to produce graduates with the skills and competencies necessary to meet the human resource needs of the country.
- To promote equity of access and outcomes and to redress past inequalities through ensuring that student and staff profiles reflect the demographic composition of South African society.

- To ensure diversity in the institutional landscape of the higher education system through mission and programme differentiation to meet national and regional skills and knowledge needs.
- To build high-level research capacity, including sustaining research and promote research linked to national development needs.
- To restructure and to consolidate the institutional landscape of the higher education system to be consistent with the vision and values of a non-racial, non-sexist and democratic society.

The above goals call for a far-reaching changes in the Higher Education system. In terms of the new Higher Education plan , Higher Education Institutions are expected to adopt many policies in terms of the Higher Education Act. The major demand placed on institutions of Higher Education by Education Acts is that centres of learning plan and deliver academic courses applying the programmes and outcomes-based approach.

3.5.1 South African Qualifications Authority (SAQA)

The higher education system of today offers a wealth of opportunities in the education market. In the higher education sector, there are 35 public higher educational institutions funded by the state. There are also many private service providers of higher education offering courses for those that want to further their studies after Grade 12 (Standard Ten). Both the public and private providers need to offer an education that meets the standards and requirements of SAQA, and conform to both national and international best practice. The purpose of the SAQA Act No. 58 of 1995 is primarily aimed to structure education and training in such a way that South Africa can become an international economic role player. The aim of the SAQA Act, is to provide for the development and implementation of a National Qualifications Framework. The Act, which was promulgated on 4 October 1995, enables South Africa to develop its own integrated National Qualifications Framework (NQF) accompanied by a supporting quality assurance system. The National Qualifications Framework purpose is to ensure that qualifications will promote an

integrated approach to education and training. SAQA will register each standard and qualification, identified by a unique description, which satisfies the requirements of NQF.

3.5.2 National Qualifications Framework (NQF)

The National Qualifications Framework (NQF) provides the means to enable each person who enters learning to achieve nationally recognised and internationally comparable qualifications. The NQF consists of eight levels and each level is described by a unique level descriptor, (See Table 3.11) providing for General, Further and Higher Education and Training Bands (CHE, 2001).

The objectives of the NQF (CHE, 2001) are to:

- create an integrated national framework for learning achievements;
- facilitate access to, and mobility and progression within education, training and career paths;
- enhance quality of education and training; and
- accelerate the redress of past unfair discrimination in education, and training and employment opportunities, and thereby
- contribute to the full personal development of each learner and to the social and economic development of South Africa.

The Higher education and Training Band (HET) is made up of NQF levels 5-8, is non-compulsory and leads to the achievement of :

- diploma and occupational certificate;
- first degree and higher diploma;
- higher degree; and

- doctorate and further research degree.

Universities, technikons, private colleges, technical colleges and colleges for professional training provide for Higher Education and Training.

3.5.3 Quality Assurance System

The quality assurance system has been established to ensure national and international credibility of qualifications. The quality assurance system consists of :

- National Standard Bodies (NSBs) - Each NSB identifies sub-fields of learning in which Standard Generating Bodies (SGB) will develop unit standards and qualifications and ensure that the unit standards recommended by SGBs meet the requirements of SAQA. In the NQF all learning is organised into twelve fields. SAQA has established twelve NSBs, one for each organising field. The twelve organising fields as articulated in SAQA (2000) are as follows:
 - NSB 01 : Agriculture and Nature Conservation
 - NSB 02 : Culture and Arts
 - **NSB 03 : Business, Commerce and Management Studies**
 - NSB 04 : Communication Studies and Language
 - NSB 05 : Education, Training and Development
 - NSB 06 : Manufacturing, Engineering and Technology
 - NSB 07 : Human and Social Studies
 - NSB 08 : Law, Military Science and Security
 - NSB 09 : Health Science and Social Services
 - NSB 10 : Physical, Mathematical, Computer and Life Sciences
 - NSB 11 : Services
 - NSB 12 : Physical Planning and Construction

Table 3.11 National Qualifications Framework (NQF) Levels

NQF Levels	Band	Types of Qualifications and Certificates	
8	Higher Education and Training Band	Doctorates and Further Research Degrees	
7		Higher Degrees	
6		First Degrees and Higher Diplomas	
5		Diplomas and Occupational Certificates	
4	Further Education and Training Band	School/College/NGO Certificates (Grade 12)	
3		School/College/NGO Certificates	
2		School/College/NGO Certificates	
1	General Education and Training Band	Senior Phase (Grades 7-9)	ABET Level 4
		Intermediate Phase (Grades 4-6)	ABET Level 3
		Foundation Phase (Grades 1-3)	ABET Level 2
		Pre-School	ABET Level 1

Source : (CHE, 2001)

For the purposes of this study all degrees programmes that fall into NSB 03 category are regarded as Business Studies degrees. The functions of NSBs are shown in SAQA (2000 : 10) include the following :

- Defining and recommending to SAQA the boundaries of the discrete field for which it is constituted;
- recognise and establish SGBs within the framework of sub-fields, and ensure that the work of the SGBs meets SAQA requirements for registration;
- recommend the registration of qualifications and standards to SAQA;
- oversee the update and review of qualifications and standards;
- liaise with ETQAs regarding the procedures for recommending new standards and qualifications, or amending registered standards and qualifications;
- define requirements and mechanisms for the moderation of standards and qualifications.

Standard Generating Bodies (SGBs) - The SGBs generate unit standards and qualifications in accordance with SAQA requirements in the identified sub-fields and levels. The functions of SGBs is aptly summed in SAQA (2000 : 10) as follows :

- Generate standards and qualifications in the authority requirements in the identified sub-fields and levels;
- update and review standards;
- recommend standards and qualifications to NSBs;
- recommend criteria for the registration of assessors and moderators.

Education and Training Quality Assurers (ETQAs) - These are moderation bodies that address the problem of invariable standards of learning provision and maintaining of assessment standards for registered unit standards. SAQA must accredit ETQAs to oversee the implementation and maintenance of the system.

Higher Education Quality Committee (HEQC) - The providers of higher education need to offer an education that meets the standards and requirements of the South African Qualifications Authority (SAQA), as well as conforming to both national and international best practice. South African higher education manifests a legacy of uneven quality, based on historically advantaged and disadvantaged institutions. The situation has been compounded with the entry into higher education environment by private providers, both local and foreign. This has resulted in many opportunities for learners but also raised concerns about the quality levels of private provision (CHE, December, 2001). The White Paper on Higher Education, the Higher Education Act of 1997 made provision for the Council on Higher Education (CHE) to establish a permanent committee, the Higher Education Quality Committee (HEQC). The HEQC has a statutory responsibility to carry out audits of higher education institutions and accredit programmes of higher education (CHE, 2002). The HEQC is the official Education and Training Quality Assurer (ETQA) for higher education and works closely with both South African Qualifications Authority (SAQA) and with the department of education's higher education Branch. The main function of the HEQC is to evaluate the quality of programmes offered by public and private providers of higher education.

3.6 A NEW INSTITUTIONAL LANDSCAPE FOR HIGHER EDUCATION IN SOUTH AFRICA

The National Plan for Higher Education was launched on 5 March 2001 by Minister of Education. The National Plan outlines the framework and mechanisms for implementing and realising the policy goals of the White Paper. It is a product of engagement and consultation that has taken place for ten years. The National Education Policy Investigation (NEPI) of the early 1990s commenced the debate by placing policy options on the table. The report of the National Commission on Higher Education (1996) laid the basis for the subsequent Green Paper, Draft White Paper and Education White Paper 3 - A Programme for the Transformation of Higher Education System (1997). In June 2000 the Council on Higher Education (CHE) submitted their report, "Towards a New Higher Education Landscape : Meeting the Equity, Quality and Social Development Imperatives of South Africa in the 21st Century", to the Minister of Education. Majority of the recommendations contained in the CHE report is included in the national plan.

The National Plan provides the implementation framework for turning around the education system to meet goals articulated in Education White Paper 3. The plan provides a framework and outlines the process for the restructuring of the institutional landscape of the system. The focus of the plan is on higher education system.

The institutional landscape of higher education was reviewed as a matter of urgency in collaboration with the Council on Higher Education. The landscape was largely dictated by the geo-political imagination of apartheid planners. On 7 April 2000, the Task Team released a Discussion Document to involve main constituencies in higher education on reconfiguring higher education. The purpose of the CHE Task Report (Report by CHE, 2000: 6) are the following:

- To institutionalise the principles and values of the White Paper to facilitate the social educational goals. The main objective is the development of a higher education system that is efficient and effective, based on equity and excellence; responsiveness; and good governance and management.
- To reconfigure the higher education system in a systematic and imaginative manner, suited to the needs of a democracy and all its citizens in contrast to the irrational and exclusionary imperatives of the prevailing system.
- To make the present incoherent, wasteful and unco-ordinated higher education system rational, with improvements in quality and equity and ensuring that the knowledge and human resource needs of the country are effectively realised.
- To recommend the reconfiguration of the present system to a differentiated and diverse system to enable effective responses from institutions to the varied social needs of the country. Institutions should have a range of mandates and pursue explicit educational and social objectives with respect to the production of knowledge and graduates.

It is clear that the Task Team commenced with stated national goals of equity and development. The key goal is the pursuit of excellence and equity by higher education institutions and the

improvement of quality of graduates. Higher education's primary role is to develop the intellectual and skills capabilities of society to address economic, social, cultural, political and other challenges. Higher education must play a central role in addressing competition and globalisation.

South Africa's 36 technikons and universities will be reduced to 24 following a government decision that the country cannot afford all of them. There will be 11 universities, six comprehensive institutions (combined technikons and universities), five technikons and two national higher education institutions in Mpumalanga and Northern Cape, where no higher education institutions exist. The Department of Education's report, Guidelines for Mergers and Incorporations (South Africa, 2003), has revealed the following new institutional landscape :

Universities

1. University of Cape Town
2. University of Durban-Westville/University of Natal
3. University of FortHare/Rhodes University East London Campus
4. University of the Free State/Qwa Qwa Campus of the University of the North/Vista University Bloemfontein Campus
5. University of the North-West/Potchefstroom University for Christian Higher Education/Vista University Sebokeng Campus (students and staff)
6. University of the North/Medical University of Southern Africa
7. University of Pretoria/Vista University Mamelodi Campus
8. Rhodes University
9. University of Stellenbosch
10. University of the Western Cape
11. University of the Witwatersrand

Technikons

1. Cape Technikon/Peninsula Technikon
2. Durban Institute of Technology/Mangosuthu Technikon/Umlazi Campus of the University of Zululand
3. Free State Technikon/Vista University Welcome Campus
4. Technikon Northern Gauteng/Technikon North-West/Technikon Pretoria
5. Vaal Triangle Technikon (incorporating the infrastructure and facilities of the Vista University Sebokeng Campus)

Comprehensive Institutions

1. Border Technikon/Eastern Cape Technikon/University of Transkei
2. Rands Afrikaans University/Technikon Witwatersrand/Vista University University East Rand and Soweto Campuses
3. University of Port Elizabeth/Port Elizabeth Technikon/Vista University Port Elizabeth Campus
4. University of Zululand
5. University of South Africa/Technikon South Africa/Vista University Distance Education Campus
6. University of Venda

The number of technikons according to the new institutional landscape will decrease by 10, from 15 to 5 and in KwaZulu-Natal from three to one technikon. It is interesting to take note of the fact that in the new institutional landscape, none of the current learning site will close. The institutional landscape establishes a new institutional and organisational form, namely, comprehensive institutions through merging universities and technikons. This would result in strengthening the provision of technikon programmes through ensuring that technikon programmes are available throughout the country, more so, in rural areas, which are inadequately serviced in terms of technikon programmes. The restructuring and consolidation of the institutional landscape will enable the necessary structural changes to be effected, which will lay

the foundation for transformation and reconstruction of the higher education system. The development of new institutional cultures and identities based on the values of non-racism, non-sexism and democracy need to be included in the institutional restructuring. Higher education institutions are required to submit annually three-year "rolling" plans indicating the strategies and targets, including time-frames in response to the National Plan for Higher Education.

In South Africa the overall participation rate was approximately 15 percent in 1999, this is 654000 students in public higher education, with only about 12 percent African students (CHE Report, 2000: 28). The low level of participation is compounded by the racially skewed participation in higher education and an unsatisfactory 'race' and gender distribution of participation in certain areas of study. The report suggests an increased participation rate of 20 percent of the age group 20-24 years in public higher education, to ensure adequate supply of human resources, over the next 10-15 years. On current population figures a gross participation rate of 20 percent would result to 752 000 students. The issue of the size of higher education also raises the question of the number of institutions that are necessary to the needs of the country.

The Task Team suggested the combinations of higher education institutions was necessary and unavoidable to advance the reconstruction of the higher education system in South Africa to enhance the possibilities of achieving social goals. The combination will ensure greater levels of collaboration among higher education institutions, reduce unnecessary duplication, promote greater efficiency and respond to regional needs. The relevant combinations would develop new identities and cultures, contributing to public legitimacy of higher education institutions (CHE Report, 2000: 36).

3.7 CONCLUSION

The objective of this chapter has been to examine the landscape of higher educational institutions in South Africa, with particular reference to technikons in KwaZulu-Natal. Technikons that want to survive and excel in an increasingly competitive higher education environment need to stay focused, relevant and in contact with the markets they service. South African higher educational institutions are undergoing structural and philosophical reforms owing to market influences of

mass education and scarcity of financial resources. The National Plan for Higher Education is a landmark in the history of education in South Africa.

South Africa needs efficient technikons that produce quality graduates. Against the backdrop of a transforming higher education system and the pressure to obtain maximum benefit within financial constraints, market orientation within technikons would add value to management decisions. The next chapter looks at aspects of the marketing environment that are relevant to Technikons and whether these aspects cannot, if not already applied, be effectively utilized for the benefit of Technikons to become market oriented.

CHAPTER FOUR

MARKETING ENVIRONMENT OF TECHNIKONS IN KWAZULU-NATAL

4.1 INTRODUCTION

In the previous chapter the higher education sector in South Africa, with particular reference to KwaZulu-Natal, was analysed. The variables that have a synergistic effect on technikons was the main focus of study. The high degree of government involvement in higher education is evidenced by legislation as analysed in the previous chapter. The purpose of this chapter is to analyse the relevance of the marketing environment to Technikons in KwaZulu-Natal. It commences with an overview of the marketing environment. The higher educational marketplace has become open, global, highly competitive and customer driven. Technikons operate within a complex and dynamic marketing environment, which need monitoring for the institution to adapt, survive and prosper. The three elements of the marketing environment, namely, macro-environment, market environment and micro-environment are thereafter examined, followed by a description of the six variables of the macro-environment and their influence on the technikons. The technikon interacts with the environment, this means that the institution should anticipate changes in the environment and be capable to translate them into opportunities for the institution.

The key variables in the market environment, namely, consumers, competition and suppliers are then examined in the context of technikons. Successful organisations are sensitive to the market forces that create change. Technikons will have to find ways of becoming more internationally competitive in order to thrive within the new marketplace. The government promotes the co-existence of public and private higher educational institutions in a bid to make higher education accessible and cost-effective. Finally, this chapter explores the elements of the micro-environment of the technikon, viz. mission statement, strategic marketing planning, marketing mix in technikons and service quality. An organisation's marketers should take a major responsibility to identify significant changes in the environment. The technikon's performance depends on the degree of alignment between its environmental opportunities, objectives, marketing strategy, organisational structure and management systems.

4.2 AN OVERVIEW OF THE MARKETING ENVIRONMENT

The marketing environment has an influence on the country, its businesses, tertiary educational institutions, employees and consumers. Strydom et al. (2000:34) describes the marketing environment as “the sum total of the variables and forces inside as well as outside the organisation which influence marketing management’s decisions”. The effects of the marketing environment or business environment may influence an organisation directly and indirectly. The marketing environment, according to Van Rensburg (2003:16) has three sub-environments, namely, macro-environment, market environment and micro-environment as illustrated in Figure 4.1. The marketing environment includes all variables inside and outside the organisation that impacts on marketing management decisions (Van Der Walt et al., 1996 : 36).

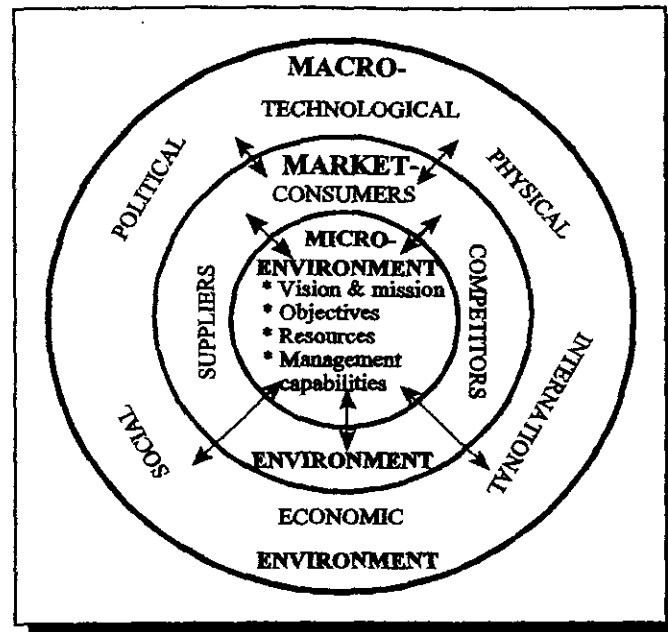
The internal environment is described as the micro-environment, whilst the external environment is outside the organisation which affects the growth and existence of the organisation. The external environment includes the market environment and macro-environments. An organisation operates within an external environment over which it has no control. It must be noted that marketing and non-marketing resources exist within the organisation, over which management has control. The marketing’s influence in the marketing environment is aptly described by Lamb et al. (2000:31) at three levels:

- direct control and responsibility;
- no control, but some influence; and
- neither any influence nor control.

The institution must consider the environment in which it operates, when developing marketing strategies. Le Roux et al. (1995:77) identify the characteristics of the environment as follows:

- the environment changes constantly;
- the organisation must be in line with the changing environment;
- opportunities and threats exist in the business environment;
- the establishment, growth and survival of an organisation is influenced by the environment;
- the environment has an impact on the future of an organisation.

FIGURE 4.1 : THE MARKETING ENVIRONMENT



SOURCE : Van Rensburg (2003: 16)

The characteristics of the environment emphasise the need for the constant scanning and analysis of dynamic marketing environment. To monitor trends in the marketing environment, marketing managers need to engage in environmental scanning and analysis. In this regard, Strydom et al. (2000 : 36) classify the trends in the marketing environment into three groups as follows:

- Trends that represent opportunities for the organisation refer to favourable situations which can lead to a competitive advantage for the organisation, on condition the organisation has the resources to exploit them early.
- Trends that pose threats to the organisation refer to unfavourable situations which may have detrimental effect on the performance or survival of the business organisation if management is not capable of decisive action.
- Finally, some trends will not have any effect on the functioning of a business organisation.

Successful organisations realise the importance of constantly assessing and adapting to the changing environment. With systematic environmental scanning, marketers are able to revise and adapt marketing strategies to meet challenges and opportunities in the marketplace (Kotler & Armstrong, 1999:64).

4.2.1 Analysing the environment

Environmental monitoring or environment scanning is aptly defined by Etzel et al. (2001:32) as the process of :

- gathering information in respect of the organisation's external environment,
- analysing the information,
- forecasting the impact of the trends as indicated in the analysis.

The character of an institution's environment will determine the survival of the institution as much as the quality of its programmes and management. Kotler & Fox (1995:99) distinguish between the degrees of stability of an environment :

- First, is the stable environment, in which the major forces of technology, social, political, economics and political remain stable from year to year.
- Second, is a slowly evolving environment, where smooth and fairly predictable changes happen. The institution survives in this environment to the extent that it foresees change and implements decisive action. The National Plan for Higher Education requires student enrollment to increase, this is something that technicians can predict and plan for.
- Third, is a turbulent environment, wherein the institution finds itself with major and unpredictable changes occurring. It seems that more and more educational institutions are operating in turbulent environments. In this regard, three tasks are identified for institutions operating in turbulent environments as: systematically scanning the environment; identifying environmental threats and opportunities, and implementing necessary adaptations to the changing environment.

4.2.2 Scanning the environment

The importance of environmental scanning is aptly summed by Strydom et al. (2000:68) as follows:

- The environment changes continually, therefore purposeful scanning is necessary to keep abreast of change.
- Scanning is needed to identify the factors in the environment that pose threats to the present goals and strategy of the organisation.
- Scanning is also necessary to recognise the factors in the environment that present opportunities for the effective attainment of the goals of the organisation by modification of its strategy.
- Organisations that scan the environment systematically are more successful than those that do not scan the environment.

Most educational institutions, which includes technikons seem to engage in environmental scanning in an informal manner. For example, management may note developments in other countries and other provinces and consider the possible impact if it happens within their province or city. The consequence of an informal environmental scanning normally results in a threat or opportunity materialising before the educational institution identifies it and too late to plan a response (Kotler & Fox, 1995:101). In contrast, a higher educational institution engaged in formal environmental scanning will have an interest in monitoring political and governmental thinking. These institutions may employ intelligence staff to assemble information on research funding, financial assistance programmes, government attitudes to higher education and relay this information to management. Management need to identify important environmental forces that have the greatest impact on their marketing strategy. In this regard Cronje et al. (1997:83) rightly suggest that the degree to which the environment influences management of a business depends largely on the type of business and the goals it formulates to achieve. The forces can be classified as either threats or opportunities to the institution. Kotler & Fox (1995:101) define an environmental threat as follows:

“An environmental threat is a challenge posed by an unfavourable trend or specific disturbance in the environment that would lead, in the absence of purposeful marketing action, to the stagnation or demise of the institution or one of its programs”.

A major threat is one that would cause major damage to the institution's ability to function, and has reasonable to high probability of happening. It must be noted that no institution is safe from such threats, and management should be able to recognise them and take decisive action. An example of threats to a technikon may be major recession that may decrease enrollment and private funding, population shift from major centres, and the declining demand for certain programmes. It is required of management to prepare contingency plans and consider new opportunities in order to side-step problems that may occur.

Kotler & Fox (1995:101) define an institutional opportunity as follows:

“An institutional marketing opportunity is an attractive area of relevant marketing action in which a particular institution is likely to enjoy a competitive advantage”.

A major institutional opportunity is one that has excellent potential to contribute to the financial strength and reputation of the institution, has a moderate to high probability of success with it. Some of the marketing opportunities that can face an educational institution are developing strong, high demand programmes, attracting foreign and private funding, and attracting outstanding academics to the institution. An important exercise for management of higher educational institutions is to periodically identify major threats and opportunities that face their respective institution. Management should endeavour to shift toward their major opportunities and away from their major threats. The institution needs to appraise the nature of its opportunities carefully. In the pursuance of a marketing opportunity, the institution can control its level of risk, in the hope of becoming the first educational institution or becoming the leader. In facing a major threat, Kotler & Fox (1995:103) identify four ways in which the institution can respond:

- Denial - the institution can ignore or deny that change is taking place. Some managers will refuse to realise the shrinking pool of students and their effect, in the hope it would affect

other institutions. All this means is that they have not considered new marketing strategies.

- Opposition - the institution would try to fight, restrain or reverse the unfavourable development. Opposition may be applied to “buy” the time required to make fundamental adjustments.
- Modification - the institution will try to improve its environmental fit by modifying its structure and programmes.
- Relocation - the institution would try to stay the same but relocate its services to a more compatible environment. A department will try to attract a new market, offer classes in other areas, or even relocate its entire campus to a advantageous location.

In a dynamic environment, the Technikon must utilise more time and resources to keep abreast of major environmental changes. The institution needs to be pro- active in adapting creatively to the turbulent environment. This can only be done or achieved by proper environmental scanning.

4.2.3 Techniques for environmental forecasting

The decisions about expansion, new programmes and recruitment depend on strategic judgements about the future environment. Many large corporations use formal environmental forecasting to assist in strategic decisions, which holds promise for educational institutions as well. Kotler & Fox (1995:104) contend that long range forecasting may contribute to the identification of opportunities and assessment of risks, and educational institutions should engage in environmental forecasting insofar as they can. Marx & van der Walt (1993:65) argue that the technique of environmental scanning is a much-debated area and contend that it will be determined by the importance of the environment to the organisation and the measure of scanning required. Educational institutions normally wait for events or trends to surface before incorporating them in strategic planning. They are usually hard-pressed in scanning the environment for threats and opportunities and concede that the environment forecasting techniques are difficult and not affordable. Kotler & Fox (1995:104) identify three types of forecasting methods that are useful educational institutions, namely, trend extrapolation, consensus methods and cross-impact matrix methods.

4.3 MACRO-ENVIRONMENT

It must be noted in Section 4.2 and Figure 4.1 an organisation operates within a wider macro-environment, wherein variables directly and indirectly influence the organisation and its market environment. The organisation cannot control these variables and it must be continually assessed to ensure that potential opportunities and threats are addressed accordingly. The external forces have an influence on any institution's marketing opportunities and activities (see Figure 4.1). Kotler & Fox (1995 : 97) identify two attributes of the macro-environment that are of great importance as follows:

- First, the macro-environment is changing constantly. The decade of the 1970s, was marked in different periods by shortages, high inflation and high unemployment. This period was also marked by various movements such as consumerism, environmentalism and women's liberation movements.
- Second, macro-environmental forces are outside the control and influence of educational institutions. This does not indicate that educational institutions make no contribution, but only that their effect is long term rather than short term.

Technikons need to acknowledge and adapt to macro-environmental trends, since they are not buffered to ignore the changing times. Educational institutions do not change quickly, even though emerging trends are identified. With the ever increasing change, some institutions continue to wait until the events are upon them before reacting.

Strydom et al. (2000:52) identify six variables in the macro-environment as follows :

- the economic environment;
- the social environment;
- the political environment;
- the technological environment;
- the physical environment; and
- the international environment.

The variables in the macro-environment may either individually, or together, affect the institution. The macro-environmental variables are discussed from the perspective of technikons in Kwa Zulu Natal.

4.3.1 Economic environment

The economic environment covers the growth rate of the economy, employment levels, consumer income and inflation rate. In this regard Lamb et al. (2000:46) suggest that the general economic conditions prevailing in the country should be the starting point of assessing opportunities and threats in the marketplace. They identify three economic areas of great concern, namely, distribution of consumer income, inflation and recession. It requires marketing management to be aware of the economy and changes taking place in it. The main trends linking changes in the economic environment with the organisation include the growth rate of the economy' consumer income, inflation and monetary and fiscal policy. The economic factors affect both the institution and the consumer's decisions and actions. A greater part of education fees are being paid by the clients. These clients consist of students, working and unemployed people, graduates, companies and others. Kaynama & Smith (1996: 58) suggest that in difficult economic times, the selection of higher educational institutions is viewed with greater intensity and the institution's faculty work harder because of the effects of stringent institutional budgets. A marketing programme is affected by economic factors as the stage of the business cycle, inflation and interest rates.

4.3.1.1 Stages of business cycle

All economies are subject to certain cyclical changes. The traditional business cycle includes three stages, namely, prosperity, recession and recovery. An organisation should take note of the phase through which the economy is, as this influences the management, growth and continued existence of the organisation. According to Etzel et al. (2001:37) each phase makes specific demands on the organisation :

- Prosperity is a period of economic growth. During the prosperity phase, the organisation tends to expand its marketing programme as new products are introduced and explore new

markets.

- A recession is period of unemployment and retrenchment for organisations and consumers. The consumers disposable income decrease, resulting in consumers buying less. This has direct influence on the demand for products and services, creating serious marketing challenges and economic losses for some organisations.
- Recovery is the period when the economy is moving from recession to prosperity, preparing for economic growth. As unemployment declines and disposable income increases, organisations need to pay attention to training programmes and development of new products. It is a time for organisations to expand their marketing efforts, increase sales and improve profits.

Though the economic environment may vary from country to country, the economy around the world are linked. Since 1994, there has been a shift in economic empowerment in South Africa. This has resulted in structural changes in income distribution, with Black South Africans earning a greater proportion of the country's total wages and salaries than before (Lamb et al., 2000:40). As indicated in Table 3.5 the student profile has changed at all Technikons, consequently the amount of fees paid by Black South Africans has increased. The cost of textbooks and other imported equipment has a major impact on students and Technikons.

4.3.1.2 Inflation

Inflation results in continual rise in the prices of goods and services. Inflation has a depressing effect on the economy because the purchasing power decreases. When prices rise at a faster rate than salaries and wages, the purchasing power of the rand decreases. Etzel et al. (2001:37) concede that inflation affects government policies, consumer psychology and marketing programmes. When costs rise rapidly and there are no more cost-cutting measures, a marketing manager may have to increase his prices. The decisions of individual marketing managers to increase prices add to macro-level inflation (Perreault & McCarthy, 1999:103).

Inflation is closely linked to the Rand-Dollar exchange rate. Changes in the exchange rate has a major effect on international trade. The economic system can change as the balance of imports and

exports shifts, affecting employment, personal income and national productivity. It is common knowledge that South Africa has a relatively low inflation rate compared to the mid-eighties, when inflation was up 25%. Newspaper reports have indicated that the South African Reserve bank has set a target of between 3% and 6% for 2001. When the cost of living increases faster than wages, parents may select less expensive higher educational institutions and technikons.

4.3.1.3 Interest rates

An interest rate is the charge for borrowing money, in other words the price at which money is available on the money and capital market. Interest rate is another external economic factor that influences marketing programmes. The changes in the economy are often accompanied by changes in the interest rate. Interest rates usually increase during periods of inflation. Economists have predicted more aggressive interest rate cuts after the latest decrease in the year on year producer price inflation figures (PPI) released on 29 June 2003. Statistics South Africa reported that the PPI had decreased to 1.1 percent last month from 3.3 percent in April, the lowest in 30 years. The above PPI figures intensifies expectations for an aggressive interest rate cut cycle going forward. Newspaper reports indicate a further three cuts are more likely by year end, and this bodes well for the consumer and marketer if the prime interest rate of 12.5 percent could be in sight. There is evidence that in developing integrated market economies, the strategic role and interventions of the government must balance the market forces (CHE, 2000). Though technikons are autonomous higher educational institutions, they have limited discretionary power with respect to securing bank loans and overdrafts. These transactions between the technikon and commercial banks often need the Minister of National Education's approval.

4.3.2 Social environment

This environment is linked to the demographics of the markets and social and cultural aspects that may influence the market. The cultural and social environment affects how and why people live and behave as such, which impacts customer buying behaviour and subsequently the economic, political and political environment (Perreault & McCarthy, 1999:111). The role of marketing managers is becoming complex because of socio-cultural patterns of lifestyle, values and beliefs.

Social changes are prevalent throughout the world. The following changes in social and cultural forces have significant marketing implications :

4.3.2.1 Demographic change

Demographic change is the change in the growth and composition of populations. Most first world countries are characterised by falling population growth rates and smaller families. In contrast, developing communities are characterised by high population growth rates. South Africa, being a developing country, faces certain patterns in the demographic environment. Technikon enrollments will be effected positively when the birthrate increases. Every 100 learners in ordinary schools, just under 11 were enrolled in Grade 1 and just under five were enrolled in Grade 12 (DoE , 1999:8). Strydom et al. (2000:60) submit four demographic trends. These are urbanisation, the changing composition of the population, increasing economic power of blacks and women, and an increase in the number of households.

4.3.2.2 Urbanisation

The rate of urbanisation in South Africa is high, with many people moving from the rural areas to squatter communities in the cities. Urbanisation and the concomitant depopulation from the rural area has a direct influence on the demographic distribution of the market. According to Lamb et al. (2000:40) the rural communities represent 43 percent, the metropolitan/city dwellers account for 39 percent, and the balance being made up by town and village households. This pattern has implications for Higher Education industry. Adequate student accommodation has to be provided by Technikons to ensure accessibility to the respective communities. Both ML Sultan Technikon and Natal Technikon have purchased holiday flats in the central Durban area to increase student accommodation in the respective campuses.

4.3.2.3 The changing composition of the population

The impact of HIV-Aids is a major factor in altering the composition of population in South Africa. In this regard, Strydom et al. (2000:61) provide statistics that indicate that the situation

in South Africa is “*one of the most explosive in the world*”, with the infection rate rising by 14 percent a year. According to Van Rensburg (2003:34) the costs related to Aids are applicable in the following areas :

- Loss of trained manpower
- Implications for recruitment, training and induction of replacement personnel
- Loss of labour productivity
- Loss of efficiency and effectiveness
- Direct and indirect health costs
- Interruptions in the production process
- Higher cost of employee benefits.

According to South Africa (2001:277) the results of a study commissioned from a consultancy firm, Abt Associates Incorporated, by the Inter-ministerial Committee on HIV/AIDS, caused concern in January 2001. According to the findings, which were disputed by the Department of Education as being speculative and unverified, 20 percent of Kwa Zulu Natal teachers, and between 14 percent and 16 percent of teachers in other provinces, were HIV - positive. Principal and heads of departments were between 7 percent and 8 percent had HIV. One in four under graduate students, one in eight postgraduate, and one in five technikon students was HIV positive. HIV/AIDS would lead to declining school enrollment and delayed enrollment because of the household crises. This has far reaching consequences, particularly in the long term. The economically active population in future will decrease, impacting, inter alia, on the number of students in KwaZulu Natal.

4.3.2.4 The increasing economic power of blacks and women

A dramatic shift has been the changing role of women and growing economic power. Women's attitudes towards careers, shopping and products have changed (Etzel, 2001:40). Since 1994, economic change has been a notable feature in South Africa. There are an increased number of blacks and women in the workplace. This implies that there is a greater purchasing power in the hands of these individuals who, in addition to other goods and services, need educational services.

This would impact directly on Technikons, as the enrollment in these designated groups are assumed to increase.

4.3.2.5 Other

The rise in the divorce rate has resulted in a greater number of households (Strydom et al., 2000:61). Smaller and more households means a larger market for goods and services. In this regard, Lamb et al. (2000:41) point out that the average household comprises 4,78 people. Convenience and optimal utilisation of time is important to consumers, therefore every phase of an organisation's marketing programme need to address greater convenience (Etzel, 2001:41). They further affirm that most demographic and economic segments reflect an increased interest in physical fitness and health. This means that organisations need to recognise and respond to the consumers growing interest in health.

The labour market trends indicate the need for the higher education system to produce more graduates (South Africa, 2001:20). A decline in the population growth rate may eventually have a negative impact on student numbers at technikons. The changing role of women in society (eg. more women in full-time positions and more career women) may have a positive factor for increased female enrollments. The current trend towards fitness and healthier life-style is a force with which the technikon must contend by providing these services on campus.

4.3.3 Political environment

Every organisation and all business decision is guided by politics. The political environment is created by the government in power, which is elected by the eligible consumers in the country. The political environment influences society at large by its legislation and rules and regulations which are meant to ensure the orderly progress of the country and its people. In this regard, Etzel et al. (2002:42-3) rightly suggest that the political and legal forces can be grouped into the following four categories:

4.3.3.1 Monetary and fiscal policies

The effect of these policies has been highlighted under the economic environment. It must be noted that any organisation's marketing efforts is affected by government spending, the supply of money and tax legislation. The government has indicated that taxation will continue to be an option within its fiscal policy, but will be exercised with consideration for economic and behavioural impacts of such policies. The surcharge on imported textbooks and equipment would have direct influence on the selling price of programmes (student fees) and textbooks. According to South Africa (1999:9) education accounts for the largest single account of state expenditure in South Africa at about 21 percent of the state budget, equivalent to six percent of the Gross domestic Product. On average, provinces spend about 40 percent of their budgets on education.

4.3.3.2 Social legislation and regulations

Legislation aimed at protecting the environment and civil rights, fall in this category. Technikon students have a right to a clean environment, for example the current legislation on plastic packets ensures in maintaining acceptable environmental requirements. The Tobacco Products Control Act was promulgated, banning smoking in public and in the workplace as well as the advertising of cigarettes. The law also has a ban on the preparation and designing of such advertisements, with a tobacco trademark or brand name in promoting sport, cultural and educational events (Lamb et al., 2000:54).

4.3.3.3 Governmental relationship with higher educational institutions

The government plays a significant role in the higher education sector. The National Plan for Higher Education, published February 2001, proposes that higher education participation rate be increased from 15 percent to 20 percent in the next ten to fifteen years. The plan also proposes that in the short term the current fifteen percent graduation rate be increased by 10 000 graduates a year over the next five years. The plan further prescribes that a strategic plan for enrollments and programmes at each Technikon would be determined in consultation with the Minister of Education by February 2002, and updated every five years. The implications of the skills

development legislation and policies for Technikons with special reference to learner-ships has far reaching consequence, as it embraces every national, provincial and local government agency. Technikons need to consider the following Acts and how it impacts on the future implementation of skills development in South Africa:

- Higher Education Act (1997)
- SAQA Act (58 of 1995)
- Skill Development Act (97 of 1998)
- Skills Development Levies Act (9 of 1999)
- Employment Equity Act (9 of 1998)

Technikons are providers of education that is occupation specific. Technikons need to view the two processes (SAQA issues and Skills Development issues) simultaneously and holistically (see section 3.5). All this means that Technikons need to provide a means of offering training programme that is parallel or separate to the current qualification structure and thus increase the student/learner base and income (South Africa, 2002:04). The FET act, Higher Education Act and Skills Development Act combine a programme based strategy levered through a new funding framework that targeted the application of approximately fifteen billion rands of public funds, skills levies R 1,5 billion in 2000 and R 3 billion in 2001) and incentives in the form of skills development plans (CTP, 2000:1).

4.3.3.4 Legislation directed at marketing

It is important for the marketer to be familiar about legislation that affects marketing. Legislation in this area is designed to protect the consumer or regulate competition. Kotler (2000:151) identifies three merits of such legislation, namely, it protects organisations from unfair competition, it protects consumers from unfair marketing practices and takes care of societal interest in respect of unbridled business behaviour. To protect the interests of students in South Africa, many legal requirements must be adhered to before an institution can offer private higher education. The institution must be registered with the Department of Education. In addition, the institution and each of the learning programmes must be accredited by Council of Higher

Education (CHE). Qualifications offered by the provider must also be registered on the National Qualifications Framework, (NQF), by the South African Qualifications Authority, (SAQA). Reflecting on the political environment, Van Rensburg (2000:24) contends that political stability is of utmost importance for the economic growth and development of South Africa.

4.3.4 The technological environment

This environment is affected by innovation and change, which is cornerstone of the modern global economy. Technological changes create opportunities and threats for organisation. Technological improvements lead to better production processes, durable products, cheaper products and increased productivity. According to Van der Walt (1996:55) marketing management's involvement in technological renewal is threefold:

- First, marketing management encourage technological renewal by identifying new consumer needs and wants and satisfying them with new technology.
- Second, technological innovations are marketed to the consumer by marketing management.
- Third, marketing management make a contribution by exploring new applications for technological products. Organisations that do not keep abreast with technology will have to relinquish their share of the market in the long term.

Technological changes do not always result in new products, rather will result in improvements in existing products. The Education White Paper (DoE, 1997:9) indicates the *“national growth and competitiveness is dependent on continuous technological improvement and innovation, driven by a well-organised, vibrant research and development system which integrates the research and training capacity of higher education with the needs of industry and of social reconstruction”*. In response to the challenges of developments in information and communication technology, many contact institutions have adapted a range of educational methods associated with distance education. These include the use of student friendly course materials, email correspondence or interactive web-based approaches.

Kotler (2000:149) submit that the marketer should monitor the following trends in technology:

- accelerating pace of technological change,
- unlimited opportunities for innovation,
- varying research and development budgets, and
- increased regulation of technological change.

Online education is increasingly being applied by higher education institutions to increase access to students in remote areas, to reach niche markets opened by new technologies and to enhance teaching effectiveness. In May 1999, the Government launched a pilot project to assist small businesses increase their technical expertise and simultaneously boost manufacturing skills at Technikons. The project was to establish and fund technology stations at four Technikons over two years. The aim was to improve the access of small, medium and micro-enterprises to research and development skills. The centre to be established in Kwa Zulu Natal was Mangosuthu Technikon (South Africa, 2002:437). The establishment of a National Higher Education Information and Applications Service has made easier by the fact that a regional Central Applications System has been in operation in Kwa Zulu Natal in the last three years under the auspices of the regional consortium, the Eastern Seaboard Association of Tertiary Institutions (eSATI). Internet has a major impact on consumers and marketing practices of Technikons. The internet provides access to information about the marketing environment and means of communicating with prospective students. The changes in computer technology also have an impact on Technikons, instruction via the computer for long distance learners and certain post graduate programmes has grown of recent. Zeithaml & Bitner (2003:362) rightfully suggest that the advances in technology, especially internet, has brought about the introduction of a wide range of self-service technologies in distance education.

4.3.5 The physical environment

The physical environment refers to the earth, air and water of a country, which is the environment from which the organisation's resources are derived and into which it disposes its waste (Strydom et al., 2000:63). Organisations seem to place greater emphasis to save energy and recycle

products. Pollution and misuse of resources are among the important issues that marketing management need to consider. Kotler (2000:147) identify four trends that an organisation is affected by :

4.3.5.1 Shortage of raw materials

Shortages very often lead to price increases and inflation. Water shortages and pollution are major problems in some countries. The organisation needs to reorientate its production and marketing approach to overcome the increasingly scarce resources.

4.3.5.2 Increasing energy costs

The cost of energy influences the environment with subsequent opportunities and threats for the organisation. It is important for organisations to utilise energy effectively, in order to safeguard our resources. The search for alternate sources of energy, in the meantime, needs to continue earnestly.

4.3.5.3 Increased pollution levels

Certain industrial activity will inevitably damage the natural environment. The cost of pollution and the protection of natural resources has also increased. The organisation is compelled to reconsider its production processes and the packaging of products in order to prevent and reduce the pollution of the environment.

4.3.5.4 Environmental and ecological movements

Governments vary in their efforts to promote a clean environment. Environmental issues have become more and more strategically important for many organisations (Kasper et al., 1999:87). Environmental and ecological movements are defined by Van der Walt (1996:66) "*as an organised movement of residents and government institutions intent on protecting the natural environment*". This variable is of great concern to people all over the world. Some organisations

operate worldwide, for example, the Green Peace organisation. Although organisations must not all be blamed for pollution, it must be noted that some organisations contribute extensively towards pollution. Institutions need to be socially responsible to limit any harmful effects on the community.

4.3.6 The international environment

The international environment refers to the world environment in general and how it affects our local environment and organisations. South Africa's situation in the international environment has changed drastically since 2 February 1990 and particularly since April 1994. Whenever an international dimension is included to environmental factors, opportunities and threats become more complicated. South Africa is part of the global village and our economy and organisations are directly influenced by the economic problems of the world. South African marketers should be able to find new opportunities now that South Africa has been readmitted to the international economic community (Van der Walt, 1996:68). According to Kasper et al. (1999:89) international environment is not only fuelled by media and changes in technology. Deregulation, competition, financial markets and the many globalization initiatives have had a major impact of internationalisation of businesses. Each country has its own business environment and environmental factors differ from country to country. South Africa is a signatory many international trade agreements. Lamb et al. (2000:55) identify the following important trade agreements :

4.3.6.1 General agreement on trade and tariffs

South Africa is a signatory to GATT (General Agreement on Trade and Tariffs). The agreement in effect means that South African business organisations are not protected by government by means of trade barriers.

4.3.6.2 South African custom union

South Africa is a member of Southern African Custom Union (SACU), whose aim is to promote

free trade between member countries.

4.3.6.3 South African Development Community

South Africa is part of the Southern African Development Community (SADC) agreement. The SADC aims to turn this economic bloc into the African economic engine by creating a common market and eliminating trade barriers. SADC membership means free trade and resulting in stronger competition, but more exporting opportunities for South African business organisations. The 14 SADC countries comprise Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The demands made by globalisation on higher educational institutions, go beyond the development of cognitive skills and competences in future knowledge employees. Higher Educational Institutions need to prepare students for a work environment characterised by the replacement of hierarchical relations by teamwork, self-employment and contract work, which will demand greater flexibility, adaptability and risk-taking on the part of employees (CHE, 2001:10). According to Department of Education (2002:37), 2 194 foreign students from SADC countries enrolled at South African Technikons in 2000. It comprised 79 percent of foreign students from all over the world and 85 percent of students from Africa.

The onset of the 21st century has initiated changes in social, cultural and economic relations, challenged by the revolution in information and communications technology. Technikons need to be pro-active in understanding the world-wide changes associated with the phenomenon of globalization. It can be gathered from the foregoing that international students represent a growing market for technikons in Kwa-Zulu Natal.

4.4 THE MARKET ENVIRONMENT

An organisation functions within a certain market environment, that is, the second sub-environment which is outside the organisation. According to Le Roux et al. (1995:80) the market environment is the sum total of all the variables that exist outside the organisation and that may positively or negatively influence the growth and existence of the organisation. The variables in

the market environment will influence the organisation to some extent. It is the function of Technikon management to evaluate these variables, their influence on the Technikon, and to implement strategies to take advantage of the opportunities in the market environment and to address any threats from competitors, to maintain long-term success of the institution. The key variables in the market environment, are the consumers, the competition and suppliers of resources and services (see Figure 4.1).

4.4.1 Consumers

Consumers are the people purchasing the organisation's services. Identifying the target market of the organisation's service is one of the most important management activities to be undertaken by the Technikon management. The market, or consumers in the market environment are the ultimate target at which the marketing management directs its products and services. Strydom et al. (2000:44) identify five groups of consumers or markets as shown in Figure 4.2, viz. consumer markets, business markets, government markets, reseller markets and international markets.

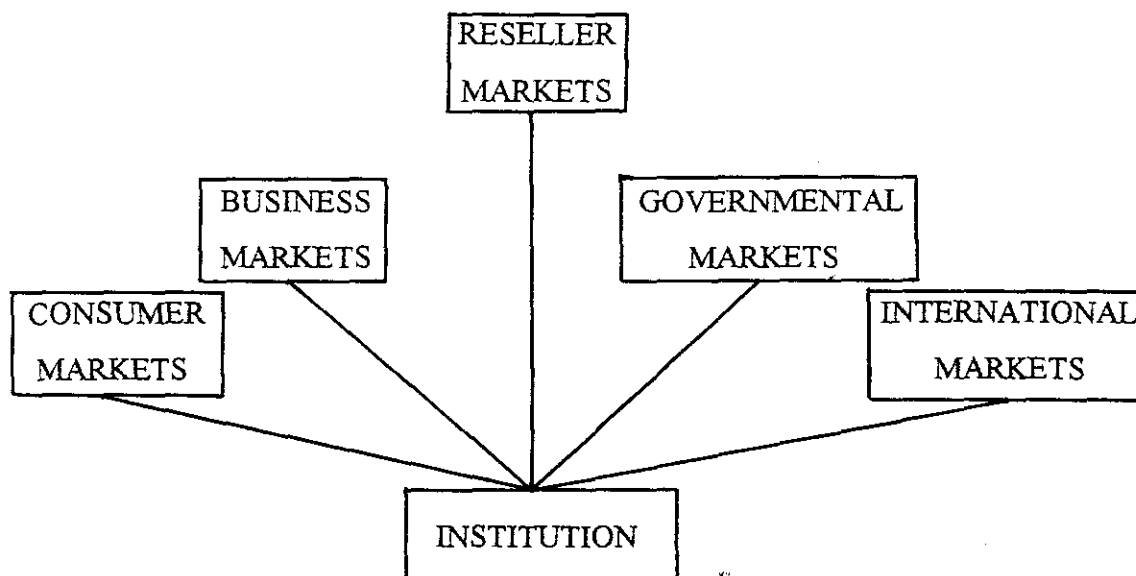
4.4.1.1 Consumer markets

Consumer markets consist of individuals and householders that purchase goods and services for personal consumption (Kotler & Armstrong, 1999:666). As competition among private and public higher educational institutions intensifies, a need for thorough understanding of the student market is vital. The Technikon has many consumers and must distinguish these consumer groups and their relevance to the institution. Kotler & Fox (1995:26) aptly question who is the public higher education institutions primary consumer?

- Is it the students, because they consume the service?
- Is it the parents of students, who expect the institution to transmit knowledge and ambition of children?
- Is it the employers of students, who need employees with relevant marketable skills?
- Is it the taxpayer, who expect the institution to produce graduates?

- Or is it the institution's alumni, who expect their alma mater to perform notable deeds to make them proud?

FIGURE 4.2 TYPES OF CUSTOMER MARKETS



SOURCE : Adapted From Kotler & Armstrong (1999:67)

Muncy (1996:83) submit that a major force in primary and secondary education is the home schooling movement, where parents opt to forego sending their children to public or private schools in order to teach them themselves at home. With the growth of this movement, more students enter technikons will have been home schooled. This market segment cannot be ignored by the technikon. For the purpose of this study the consumer markets include all local and national students of South Africa. It must be noted that about 20 percent of the students at technikons in Kwa-Zulu Natal are from other Provinces (DIT, Annual review, 2002:22).

4.4.1.2 Business markets

Business markets, or industrial markets buy products for further processing or for use in the

production process. In the case of the Technikon, there is good relationship with industry. From time to time, the technikon provides retraining (tuition) for groups of students from industry, known as industry block release. Tuition is held for six weeks to six months or sometimes these students attend the technikon once a week or by special arrangement. Kotler (2000:7) suggests that organisations supplying business markets encounter well trained and informed professional buyers who are qualified in assessing competitive suppliers. He further points out that the organisation must emphasise how their service will assist business customers achieve their profit goals. It must be noted that some technikons have marketed themselves effectively in the private business sector, and consequently enjoy a cordial relationship in this respect.

4.4.1.3 Reseller markets

These are markets created by intermediaries such as professional bodies, for example, Institute of Marketing Management (IMM), where the technikon provides the tuition. In other instances, private educational institutions, for example, Varsity college and Damelin offer the tuition for certain technikon programmes.

4.4.1.4 Government markets

These are the markets that are generated when the central government, provincial authorities and municipal authorities as the consumer, purchases the services of the technikon. From time to time the various government departments release their employees to upgrade their skills and qualifications either full-time or part-time for short courses.

4.4.1.5 International markets

These are the markets created by foreign buyers of services who are the consumers in this case. For example, there is an international market for South African technikon programmes in Lesotho, Swaziland etc. (See section 4.3.6.3). International education is an industry currently enjoying growth in South Africa. It is vital for technikons to ascertain the reasons for South African students registering for international education.

Technikons must concentrate on satisfying the consumer's needs while operating under business principles. A fine balance between these two objectives is important, especially if the institution is to be market oriented. Each market type has special attributes that requires careful study by the institution. Technikon management need to understand how the various student segments differ in their decision-making-behaviour. It is also essential that the technikon approaches its market, which is the consumer, in the appropriate manner. The individual technikons in particular and the technikon sector in general will need to seek ways of becoming internationally competitive in order to succeed within the new higher educational marketplace.

4.4.2 Competitors

Competitors are part of a capitalistic society and organisations have become accustomed to the fact that various competitors compete for a share in the market. In this regard, Lamb et al. (2000:56) suggest that after years of isolation from international competitors, South African have had to adapt to the high levels of foreign competition. As a variable in the market environment, competition is described as "a situation in the market environment in which several businesses offering more or less the same product or service compete for the support of the same consumers" (Strydom et al., 2000:51). They further contend that competition acts as a market mechanism to keep excessive profits in check, acts as an incentive for higher productivity and also encourages technological innovation. Van der Walt et al. (1996:49) identify five factors that will determine the nature and intensity of competition:

4.4.2.1 The threat of potential new entrants or new competitor(s) in the market

A newcomer in the market that has gained a market share in a declining market is an important competitor in any market. Existing organisations can discourage new competition by aggressive expansion and other types of entry barriers (Cravens, 2000:90). Though private higher educational institutions pose an inherent threat to the growth of technikon education, the South African Constitution gives private institutions a good leverage for their existence, viz Article 29(3) of the constitution which states:

Everyone has the right to establish and maintain, at their own expense, independent educational institutions that-

- do not discriminate on the basis of race
- are registered with the State
- maintain standards that are not inferior to standards at comparable institutions.

4.4.2.2 The bargaining power of suppliers

The bargaining power of the supplier can have an effect on the competitive situation in the marketplace. Privately owned institutions are more innovative and cost-effective than public higher educational institutions (Tooley, 1999).

4.4.2.3 The bargaining power of consumers

Consumers may decide to use their purchasing power to influence their suppliers. The threat of consumer boycotts of certain organisations and products is a means for the market to become more competitive. Students vote with their feet, in terms of registration at a particular institution. There has been a substantial shift in demographic trends for traditional aged 18 to 24 years old (see section 3.4.1) between 1997 and 1999. This decrease of students for technikons will stimulate a significant rise in competitive efforts to recruit and retain undergraduate students. In this regard, Webb et al. (1997:83) list the following advantages of private institutions:

- are perceived to have a reputation for quality,
- employ effective promotional strategies,
- are more competitive in terms of programme length, and
- provide greater attractive non-academic opportunities.

On the other hand, public institutions have the following advantages:

- appeal readily to students where considerations are important,

- offer additional graduate study opportunities, beyond the master's degree, and
- appear to offer more in physical facilities.

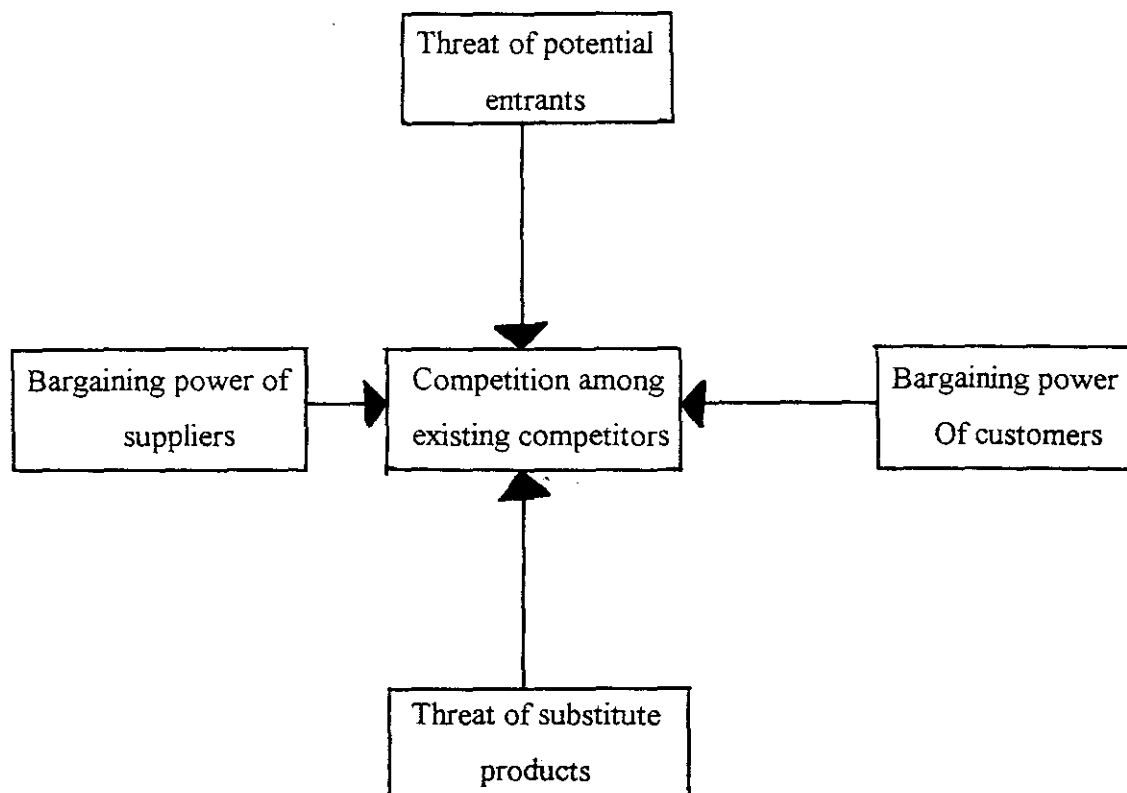
4.4.2.4 The availability of substitute products

Some products can be substituted with other products which will result in more competition. Technikon programme offerings are spread over a three and four year period of study. The private higher educational institutions offer short cyclical programmes ranging between three weeks and three months, for example, Damelin offers a three month diploma in marketing. It seems that the cost of programmes have played a major role in attracting students to private higher educational institutions.

4.4.2.5 The number of existing competitors

The more competitors in the market mean tighter business conditions and more competition in the market, especially price competition. In competitive service organisations, firms often raise the level of service to maintain or to increase their market share. In this regard, Zeithaml & Bitner (2003:79) suggest that in a highly competitive and turbulent environment, monitoring the service expectations is very crucial. It is known fact that in most cases profitability will decrease when competition increases. Figure 4.3 illustrates the five forces responsible for competition in a particular industry. The important result of Porter's approach of competition is that the competitive arena may be changed as a result of the impact of the five forces on the industry. Customer service expectations are dynamic, therefore the technikon's goal is to meet customer expectations better than its competitors (Zeithaml & Bitner, 2003:79). The five competitive forces highlight the existence of vertical and horizontal types of competition. The collective strength of the five forces of competition determines the competitiveness in the industry and the profitability of the industry van der Walt (1996:50). Craven (2000:91) contends that the intensity of vertical competition is linked to the bargaining power of suppliers and buyers. There are four economic models of competition are monopoly, pure competition, oligopoly and monopolistic competition. Lamb et al. (2000:61) assert that the basic models of competition are based mainly on the number

FIGURE 4.3 COMPETITIVE FORCES IN AN INDUSTRY



SOURCE: Strydom et al. (2000: 89)

of competitors and the nature of goods and services. They further suggest that the type of competition has an impact on the pricing strategies and the ability of the organisation to set pricing.

Competition policies applied to technikons alter the manner they are administered. The decline in enrolments in 1998 (see section 3.4) have resulted in increasing competition for institutions seeking to market their programmes. Technikons have to be more decisive as they adopt decision-making structures of businesses. The CHE Task Team chose to pursue the “high-road” in its industrial, trade and investment strategies, which needs an expansion and improvement of higher

education. The report supports the need for public higher education and regulating private higher educational institutions. The report emphasises the need for higher education system to be firmly rooted within South African society and addressing the development challenges. The report takes a strong stand on linking higher education to democracy and social justice (CHE, 2000).

4.4.3 Suppliers and intermediaries

An organisation does not operate in isolation and therefore needs inputs from the marketing environment. An organisation is dependent on suppliers to operate its business. The organisation must obtain its inputs from suppliers on a regular and competitive basis. These inputs include materials, equipment, energy, capital and labour, which are serviced by suppliers. One such example of supplier to the technikon is the supplier of capital to the institution. Commercial Banks and Donors supply funds to the technikon. Donors are those individuals and companies that contribute money and assets to the technikon and include alumni, corporations and government agencies.

Electronic channels are the only service distributors that need no direct human interaction, example, telephone, television channels, internet and world wide web. The technikon can provide distance education through electronic channels (Zeithaml & Bitner, 2003:396). The technikon management need to monitor the supplier activities carefully. Supply shortages and interruptions will have a negative impact on the institution' service delivery and customers. It is important for the institution to establish better relationship with the suppliers because of the mutual interdependence. The market environment is external to the technikon, but these forces can be controlled to some extent by the institution (Etzel et al., 2001:49).

4.5 MICRO-ENVIRONMENT

The micro-environment of an institution refers to all the activities that are executed by the institution. The micro-environment consists of the internal environment of the institution and are controllable environmental factors. The variables of the micro-environment are within the control of management of the technikon and include the institution's vision and mission, objectives and

management capabilities (See Figure 4.1). The macro-environment and market environment, as part of the marketing environment of higher educational institutions impact on the micro-environment. The technikon must perform diverse activities in order to operate effectively and attain its mission. Every technikon needs a mission statement as a guiding principle to articulate the purpose of the institution. In order to achieve the mission, certain objectives are formulated for measuring performance of the institution.

The resources of the technikon that interface with the external must be ascertained. This aspect forms parameters within which management performs its tasks and activities, identifying strengths and weaknesses of the institution. Strength provides the technikon with an advantage over competitors, while a weakness is the inability of the technikon to do something while competitors do have the ability (See section 4.4.2). The other component of the internal environment is the management and the various functions within the technikon. The marketing philosophy which determines the total management effort, directs the policies within the technikon. Van Rensburg (2003:17) points out that management can determine and control policies regarding target markets, internal marketing, service levels and other marketing policies, which is part of the micro-environment. The four components of the micro-environment are discussed in the sections to follow.

4.5.1 Mission statement

It is important for an institution to articulate its mission, goals and objectives because marketing is complex, involving much more than the need to advertise its courses effectively. The development of sound a mission statement is challenging because it states the purpose of an institution. The mission statement should be market-oriented, feasible, motivating and specific, if it is to direct the institution to success (Kotler et al., 1996:108). The mission statement usually guides the institution over a long term. The three terms are distinguished by Kotler & Fox (1995:122) as follows:

- "Mission: the basic purpose of an institution; that is, what it is trying to accomplish?
- Goal: a major variable that the institution will emphasize, such as profitability, enrolment,

reputation, market share

- Objective: a goal of the institution that is made specific with respect to magnitude, time and who is responsible".

A mission usually answers questions such as: What business are we in? What business should we be in? What business do we want to be in? (Skinner, 1990:36). Technikons as forward-thinking higher education institutions, should be committed to leading paradigm shifts rather than reacting to it. It is a reaffirmation of the fact that teaching, learning and research and development are the core activities of technikons and the institutions need to be committed to a structural framework that promotes cohesion, forward planning, and enables all operational areas to work towards common objectives.

4.5.1.1 Purpose of mission statement

Educational institutions may have mission statements for similar reasons as profit-seeking firms. The mission statements focuses on the institution's energy, time and money on relevant problems and opportunities (Bovee et al., 1995:79). A clearly formulated mission statement is necessary for the following reasons:-

- It provides the institution an identity with which employees, consumers, and other stakeholders can identify.
- It sets down criteria by which the institution's separate units can be grouped together into a meaningful unit.
- It indicates the institution's current position and its desired position in the long term.
- It acts as a yardstick for evaluating strategic option and alternative strategies the institution may pursue when aspiring for growth.
- It provides a basis for formal planning techniques such as the growth share matrix. This requires that an institution's market boundaries be clearly defined.

From the above it is clear that the development of an institution's plan demands good leadership and a commitment to well articulated values which must be evident in the institutional mission.

4.5.1.2 The institutional mission statement

The mission statement forms the basis on which the aims and goals of the individual instructional programme are formulated. According to the Manual for Quality Assurance in Higher Education (SERTEC, 1998:8) the following must be included in the description of institutional mission statement:

- Education of tertiary nature
- Career orientation
- Community instruction
- Research

An examination of the mission statements of each technikon in KwaZulu-Natal gives an overview of the long-term goals relating to scholarship and the formative nature of the programmes. The mission statement further describes the aspirations of the technikons, reflecting on the societal needs and expectations on the shorter term. The programme mission statement of each business studies programme is aligned with the institutional mission statement. The mission clearly outlines the purpose, strategy, standards and institution mission also endeavours to spell out the reasons for the institution's existence, namely, providing person power training, research and community service and maintaining and promoting academic excellence. A discouraging observation of the programme mission statements were that they have not be revisited for some time. Organisations that have a strong sense of purpose have better ability to evaluate the opportunities and threats which constantly arise. Such institutions are better positioned to pro-actively implement plans to meet new opportunities or counter threats (Seagers, 1993:39). An examination of the mission statements of three technikons in Kwa-Zulu Natal indicate that they are higher education institutions. They strive for transformation of higher education through quality in their teaching, research and development programmes in partnership with industry and the wider community. Their essential purpose is the fulfillment of the educational requirements of the people of Southern Africa, taking into account quality, accountability and institutional effectiveness.

4.5.2 Strategic marketing planning

Most institutions view strategic planning as an annual process and planning is accepted by most technikons. Schmidt (1991:127) affirms that planning for higher educational institutions is no easy task because there is tendency for them to be inflexible due to their autonomy and established culture. Organisations that apply the marketing concept are aware that marketing efforts would be efficient and effective when they are properly planned. Bovee et al. (1995:66) describe strategic marketing planning as the process of exploring the organisations' marketing opportunities, investing time and money to pursue such opportunities and predicting the institutions' market and financial performance. Certain strategies and contingency plans may allow institutional management to act decisively and successfully during difficult enrollment years. Liu (1998:24) asserts that the marketing of higher education has been effected from the operational level as tools for student recruitment and income generation. Responsible marketing in technikons should be concerned about bringing students in contact with technikon's programmes that are beneficial and rewarding. It may therefore be deduced that strategic marketing planning is a management process involving a series of activities resulting in the establishing of marketing objectives and the formulation of plans to attain them.

4.5.2.1 Meaning of strategic marketing

In practice corporate strategy and marketing are very closely related, and the institution's mission determines its marketing strategy. Cunningham et al. (1987:38) define strategic marketing planning as the process of utilising the resources of the organisation, in terms of its mission statement in the long term. This invariably involves an examination of the organisation's strengths and weaknesses, including those of competitors and considering opportunities created by social change. Kotler (1997:102) defines market-oriented strategic planning as the managerial process of building and sustaining a match between the firm's objectives and resources and the market opportunities. The purpose of strategic planning is to fit the firm's products in order to secure profits and growth. These definitions recognise that strategic decisions determine where an organisation places its efforts, which markets it attempts to reach, and the relevant products for those markets. It also requires a strategic marketing effort to outline goals and objectives,

formulate strategies and apply the institution's resources effectively. Strategic marketing planning is essential for an institution's continued success and growth as it involves the formulation of strategies needed in order to address the dynamic changes in the environment in which the institution operates.

4.5.2.2 Types of plans

The marketing plan lies at the heart of effective organisation of educational marketing. There are essentially three types of plans in any organisation, namely, strategic, tactical and operational planning (Bovee et al., 1995:68). Strategic planning is conducted by top management and these plans are necessary because of changes in the external environment, resulting in inexorable variables such as social, technological and political environments. According to Kotler & Fox (1995:72) strategic planning involves clarifying the institution's mission, examining the resources and assessing the environment in the long term, and formulating the organisation's strategies.

Tactical plans are drafted at middle-management level, which is narrower and with a shorter time frame (3-5 years) than strategic planning. Planning in most tertiary educational institutions occurs at this level to some degree, that is recruiting of students, physical campus projects and rearticulation of programmes. Some higher educational institutions may be enrolling as many students as possible for the sake of state subsidy (FTEs), resulting in a flooded job market. This problem has been partially addressed by higher educational institutions through submission of three year rolling plans and the government decides that certain limitations on the financing of the programme is effected. Operational plans are drafted at first level/divisions and is shortest and narrowest of planning. Examples of operational planning are advertising plan and a distribution plan which support the marketing plan. According to Kotler & Fox (1995:72) this level in education would include budgeting and scheduling process.

4.5.2.3 Elements of educational institutions plans

Gray (1991:43) explores the basic elements of an institutional plan as follows:

- Mission statement and objectives: the basic purpose and direction of the institution.
- Situational analysis: this is a statement of the current situation - the environmental scan is the SWOT (strengths, weaknesses, opportunities and threats) analysis. The purpose of the SWOT analysis is to recognise the key issues that are necessary for the success of the organisation.
- Planning elements:
 - Resources: annual budget - income and expenditure statements for current year based on the previous year, building expansion plan and major capital projects.
 - Curriculum: plans for rearticulation of current programmes and implementation thereof.
 - Staff development and training: staffing plan and other human resources management elements.
 - Marketing: marketing plan with objectives, SWOT analysis and marketing mix strategies
- Management and organisation: These include management responsibilities and accountabilities within and outside the institution.
- Control and evaluation: Financial controls and performance indicators are continuous activities focused on the achievement of objective, for example, reporting to Councils (governing bodies), lecturer appraisal and student assessment systems.

The plans must respond to the challenges in creative ways, without losing sight of the institutional core activity and technician identity. In promoting the development of systems and processes which will ensure regular monitoring and review of performance and needs, the plan must express the technician's commitment to quality process and outcomes.

4.5.2.4 Importance of strategic marketing planning

Strategic planning may be new to most educational institutions but the application of the appropriate steps of strategic planning would enhance their effectiveness as any other business firm. The fundamental characteristics of strategic marketing planning may be identified as follows (Jobber, 1995:51):

- Consistency : the plan provides a focal point for decisions and actions. Decisions by the same manager, over time and by different managers should be consistent, and actions better co-ordinated.
- Encourages the monitoring of change : Managers are forced to step away from routine matters and focus on the impact of change on the business from a strategic perspective.
- Encourages organisational adaptation : Marketing planning promotes the necessity to accept change, which is inevitable.
- Stimulates achievement : Managers are motivated to set new horizons for objectives who otherwise might be satisfied to accept lower standards of performance.
- Resource allocation : The planning process addresses essential issues such as which products should receive more investment, or which should have resources withdrawn.
- Competitive advantage : Planning promotes the search for sources of competitive advantage.

The written strategic marketing plan is inevitably the starting point for operational decisions. The very low use of developing marketing plans is an indication of neglecting the integration of marketing within institutions and a lack of strategic marketing focus (Goldgehn, 1991:40). Educational marketers need an extensive portfolio of skills and techniques to plan effectively. In this regard, Gray (1991:41) rightly suggests that the intrusion of marketing expertise from the business environment is unlikely to be effective unless accompanied by qualities and insights of educational institutions. It can be said that there is no such thing as an off-the-peg planning system.

4.5.2.5 Marketing policy instruments for educational programmes

The direct result of all business activities, both of a profit institution and a non-profit institution, is a product or service. Marketing involves the determination of consumer/market needs, the conversion of these needs into a product/service on the market or to the consumer. Ziegler (1991:141) classifies the following questions, that will cover the basic information needed for an effective marketing programme:

- Why do students go to educational institutions?
- How do students choose an institution?
- What categories of students would choose the institution (considered by academic record, status, location and vocation goals, etc.)?
- What image does the institution project within the various markets?
- Who are the competitors and how does the market compare them to the particular institution?
- What factors impact upon students opinions and decision?

It is clear that the above questions are central to the idea of the marketing mix. It is not adequate to emphasise on curricululating for good quality programmes and ignoring the needs of the students. In this regard, Gray (1991:69) affirms that the service must be developed with the market and the needs of its clients from the start of the development process and throughout its delivery and evaluation. Marketing of higher educational institutions developed from marketing concept perspective (Taylor & Reed, 1995:24). The main element of the marketing concept, as discussed in chapter 2, is a customer orientation which in technikons has been interpreted as meaning student orientation.

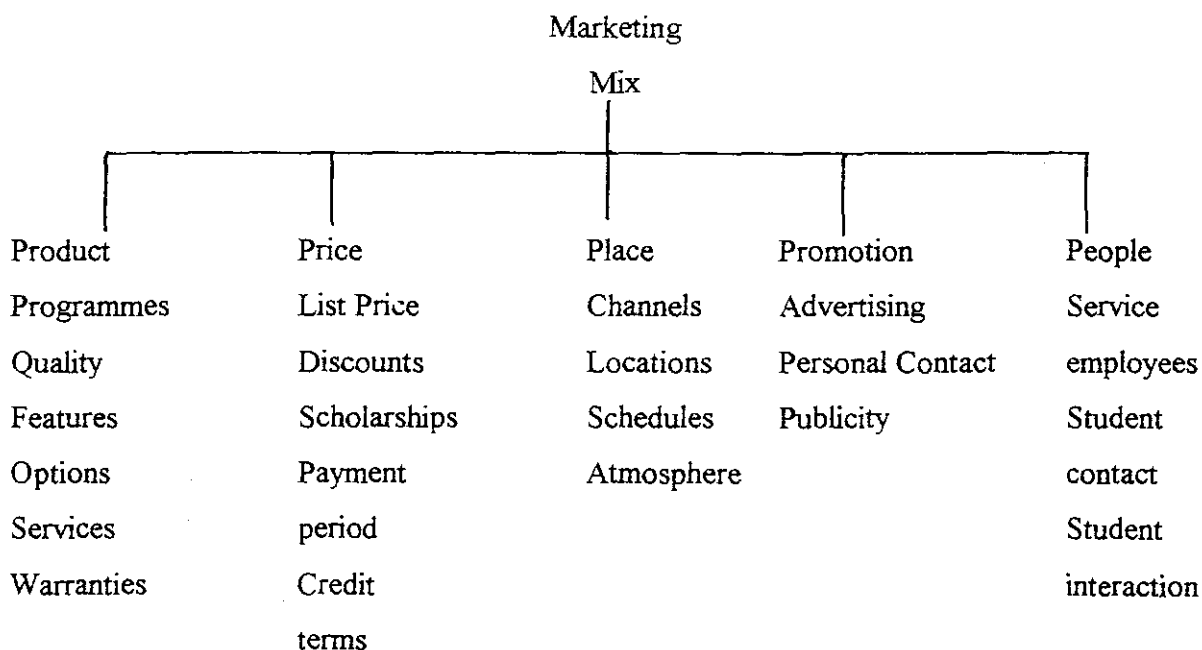
4.5.3 Marketing mix at educational institutions

The classic structure of marketing mix (as discussed in Chapter 3) comprise the 4P's, which is the combination of product, how it is distributed and promoted and it its price. Marketing mix strategy is concerned with decisions regarding the marketing mix. Kotler & Fox (1995:153) define marketing strategy as "the particular blend of controllable marketing variables that the institution uses to achieve its objectives in the target market". The controllable marketing variables are the elements of the marketing mix viz. product, price, place, (distribution) and promotion decisions. In this regard, Cowell (1995:673) advocates three more Ps - people, process and physical surroundings. The 4P's approach is too restrictive a framework to service organisations. These elements (7P's) must satisfy the needs of the institution's target market(s) and also achieve its marketing objectives. Each element of the marketing mix contains numerous alternatives and permutations. The elements of the marketing mix are interrelated and invariably

the decisions in each area will affect actions in the other.

The "people" element in educational institutions includes the teachers, non-teaching staff and the students themselves. Process and physical surroundings can be easily included into the other four elements of the marketing mix. Physical surroundings can be accommodated by broadening the concept of place to include the ambience of service and physical environment. Gray (1991:31) adds that the element "process" would shape every aspect of marketing and is central to effective marketing and therefore cannot be seen as an extra element of the marketing mix. This view is shared and therefore a basic 5P's framework is adopted for the marketing mix of educational institutions. (See Figure 4.4).

FIGURE 4.4: The five P's of the Marketing Mix



Source: Adapted from Kotler & Fox (1995:154)

For the purposes of this study marketing management would mainly focus through the marketing manager, this is the individual technikon. Each technikon is a small part of a larger macro-marketing system (Education at Higher Education Institutions).

4.5.3.1 Product

The service provided by a technikon forms the cornerstone of its continued existence. Gray (1991:70) asserts that in developing a "*product*" strategy, an analysis of constraints from a technical and a political perspective is necessary, before identifying means of improving the vital aspect of an educational institution's marketing. This means that decisions involving its service would have far reaching implications for the various functional divisions in the institution. The technikon requires two product planning programmes, one for the donor market and the other for its client market. According to Etzel et al. (2001:299) a technikon would make strategic decisions, in terms of product planning in the following areas:

- Services Offering
- Services-Mix strategies
- Service Features

- **Service offerings**

New services (educational products) are as important to a technikon as new goods to a firm. Many higher educational institutions have become successful by identifying a previously unrecognised or unsatisfied consumer want. The key to selecting the courses to offer for an institution to decide (1) what "business" it is in and (2) what student markets it wants to reach. The success in the non-profit environment is dependent on the institution's capabilities to develop new offerings effectively and efficiently. Extensions into new offerings or markets involves undertakings that are similar or dissimilar to present marketing programmes. It must be noted that technikons need the approval from the accreditation body viz, SERTEC before any programme can be offered. The products offered by higher educational institutions are influenced by aims and objectives of the institution and the target markets served. The "*products*" offered by Technikon

South Africa (TSA) are different to those offered by a residential Technikon (Marx & van der Walt, 1993:632).

The planning of services offering for the donor market is much more complex. The Technikon seeks donations from the public and the contributions is the price that the donors pay for the institution's services. This notion has been explored by Etzel et al. (2001:300) who list the assortment of benefits to include the following:

- Making donors feel good and relieving guilt feelings.
- Supporting their favourite institutions.
- Tax deductions for their contributions.
- Contributing to the donors status in reference groups.
- Supporting the individuals religious beliefs.

The course development at technikons has been a combination of product-led and market-led. It has been typical for higher educational institutions to restructure courses around teacher preferences rather than students needs (Gray, 1991:73). The continuous stream of new programmes is important to consumers because it helps to make life more relevant, pleasant and comfortable. The technikon is responsible for the quality of the individual's lifestyle.

- **Service-mix strategies**

Increased costs, subsidy cuts and competition have resulted in higher educational institutions, searching for means to increase their productivity and responsiveness. Technikons are "multi-product" institutions, making decisions on product mix, product lines and product items. The institution's product mix can be described in terms of its length, width and depth (Kotler & Andreason 1987:446). In this regard, Gray (1991:76) suggests that the service mix requires regular review to determine if the broad mix should be still offered, whether the technikon has the capacity to continue to provide the service and whether to fine-tune by modifying the delivery of existing programmes. Higher educational institutions have used team names (brand name) primarily for their various codes of sport, but also to identify their students and alumni. The

institutions have school colours - feature to assist recognising the school.

Services like manufactured goods have a limited shelf-life and therefore the concept of product life-cycle would apply to technikons' programmes. Changing a subject syllabus to achieve uniformity among various technikon programmes which include the same subject would be an example of design simplification (rationalisation). A technikon may introduce a competing brand name by offering a second national degree programme similar to an existing course or by offering a professional institute's (for example IMM -Institute of Marketing Management) course in addition to a national degree. Moreover, technikon can provide in-service training for an employer as an example of marketing private brands. Adler (1998:19) identifies the following advantages that are achieved by the combined targeting strategy and upgrade concept:

- In combination the degree upgrades and the new targeting strategy address a viable market segment that was not effectively targeted.
- The economic prospects are encouraging because the service and strategy builds a continuous and increasing demand from a growing market segment.
- The service and strategy revisits the traditional concepts of "Lifelong learning" and "Continuing Education" and suggests the upgrade concept creates urgency of the service among the selected market.

Technikons can be involved in preparing and conducting courses at other educational institutions which are generic competitors of the technikon. Product improvement involve introducing changes to existing courses while product innovation entails the replacement of an existing course by a significantly different course. Technikons may also experience technical obsolescence where changes in technology can render some programmes obsolete (Nel, 1987:105-8). Gray (1991:78) submits that some courses are given protection where numbers fall as unviable elsewhere in the institution which demonstrates the perceived market significance of some programmes.

Product-line extensions are concerned with products to the existing range. Nel (1987:109) identifies three options: trading up, trading down and adding related products. Trading up is adding a more expensive product in order to make the existing product seem less expensive, while

trading down aims to attract a new target market with a cheaper product. The addition of the Bachelor of Technology degree, Master of Technology and Doctor of Technology may be regarded as examples of trading up while creating exit points in the first year (National Certificate) and second year (National Higher Certificate) of the Diploma are examples of trading down.

- **Service features**

Supplementary services usually support and augment the programmes at the technikon. The technikons facilities are often also used for non-educational purposes. Supplementary and non-educational services are outside the technikon's formal curriculum and may be regarded as important in attracting and retaining clients than the programmes on offer.

Supplementary services that are intangible would include student support services, viz. student counselling and religious facilities. Supplementary services that are more tangible would include library services, cafeteria, sporting facilities and curricular provisions (Gray, 1991:81). Private educational institutions have a tendency to use supplementary and non-educational services to their advantage in marketing themselves. It is imperative that technikons give attention to the better presentation and delivery of supplementary and non-educational services.

4.5.3.2 Price

Pricing is crucial to the institution's survival and continued existence and is likely to present problems to technikon management. As pricing is the only element of the marketing strategy that generates direct revenue for the institution, it is imperative for pricing decisions to be carried out effectively. Gray (1991:83) asserts that the marketing perspective would assist the technikon to relate income and expenditure to the organisational mission and the needs of students. This involves two key tasks: on the costing side the institution is required to match between its spending and the benefit to the student; and on the price side it must ensure that students are charged fees in line with the technikon's mission. Clearly, pricing decisions affect every element of marketing: a high priced service will require a radically different distribution channel and

promotion programme from those of a low priced product.

Pricing in Technikons is different from pricing in profit-making firm. Pricing becomes less important when profit making is not the goal. However, some non-profit institutions can use the same pricing methods as profit-seeking institutions. Technikons are aware operating costs cannot be covered with fees charged to students. The difference between revenues and costs are usually subsidised by contributions from the State and other donors.

- **Pricing strategies**

Etzel et al. (2001:303) submit that several of the pricing strategies used by profit seeking firms may be used by non-profit seeking firms. For example, a Technikon can offer a short course in Marketing at a low price (leader pricing) with the objective of attracting students for an annual course. Moreover, it may also offer a special price to students registering for a second diploma or for ancilliary subjects or run a seminar/conference for top management and use a prestige price to attract top management only.

Demand oriented strategies set prices based on the level of the demand. Demand oriented strategies consist of two options: equity pricing and differential pricing. Kotler & Fox (1995:250) describe differential pricing as charging different prices on the bases such as:

- By programme - indicated by student major subjects in the faculty/school of arts, commerce, science and engineering.
- Student level - under graduate and post graduate; first year, second and third year.
- Number of subjects - using the SAPSE credit value and multiplying this by a rate.
- Type of student - degree vs non-degree student. (Special short course)
- By residency status - non resident vs resident student.
- By subjects - each subject or for each subject in a cluster of disciplines.
- By time/place of offering - differentials for evening classes and for classes offered at different sites (eg. outside Technikon campus).

Technikons can double fees for students repeating subjects for the second time. Competition oriented strategies base prices on what competitors are charging. The basic strategy options are to price above, below or at the same level. Discounts are offered to clients in anticipation of future business. Kotler & Bloom (1984:178) affirm that the offering of a discount can mean the difference between securing or losing a new customer or keeping or losing an old client.

Price has always been regarded as an indicator of quality. In this regard Gray (1991:96) suggests that the institution can also develop an income generation policy for short courses between "stack" em high and sell "em cheap" policy where small surpluses per student are justifiable because of the large number of students enrolling or emphasising high quality and subsequent high prices to cater for fewer students, but large per capita surpluses. The technikon can determine its pricing strategies in terms of applying the rate as charged by other technikon and thereby attempting undercutting competition. The other alternative would be to offer programmes slightly more expensive than its competitors, to create the impression that its programmes are of better quality. A technikon may offer an employer a discount on tuition fees for trainees, where discounts are based on the size of the order. For example, technikon may offer a discount for five or more registrations from the same employer and for the same programme. Cash discounts can also be offered to encourage prompt settlement of outstanding fees and penalty strategies can be implemented for late registrations, by imposing additional levies.

Pricing decisions are important to educational institutions because the institution is dependent on revenues generated from its operations. Teknikons can consider various marketing strategies to attract and retain students. Price differential is one strategy that has not received much attention at teknikons. A tuition price differential will allow the technikon to charge a different (higher) fee as against a flat rate. Little, O'Toole and Wetzel (1997:40) submit the primary concern for not adopting such a strategy is the fear of losing students to private institutions. They further contend that a price differential may indicate the quality of the institution's programme. Buildings and facilities are a great part of the cost of operating a technikon. The technikon finds these facilities often idle during certain times of the day, week or year, while at other times the facility capacity is inadequate. Coates (1995:20) asserts that pricing policies must be developed to encourage the efficient use of facilities and limit the need for capital and operating funds from the

government and banks. Kotler & Fox (1995:258) advise educational institutions planning on price change to consider the responsiveness of consumers and competitors. Price increases should be announced well in advance, together with reasons for increase to the general student body and the public.

4.5.3.3 Place

Distribution, the third major element of the marketing mix, is the process by which an Educational Institution makes its programmes and services available and accessible to its target markets (Kotler & Fox, 1995:274). This element includes all the features of the technikon which would include features and the accessibility and availability of the technikon's programmes. Gray (1991:102) affirms that the distribution of educational institutions is a reflection of the previous needs and political decisions. Educational services cannot be "stored up" and therefore need to consider how to make its services convenient in terms of its location and schedule. In this regard, technikons are meeting the additional demands of their services by the establishment of satellite campuses in all major centres. The appearance of the technikon, in contrast to its location, has shown a marked improvement in the last decade.

Marx & van der Walt (1993:633) identify three reasons for the importance in the choice of location of non-profit institutions:

- The situation must be appropriate and convenient for prospective donors. A Technikon may open an office in the central business district to cater for potential donors in that area.
- The office of the nonprofit organisation is indicative of the involvement and credibility of the institution in a particular area.
- The location of an institution will make it more accessible to its target markets. A further aspect of a technikon's environment needs to be considered; the impact of its geographical location or specialist facilities which would result in the location being so distinctive that the technikon is sought after by students despite its inaccessibility, for example, it is assumed that the mining programmes offered at Vaal Triangle Technikon.

- **Channels of distribution**

The channels for most services are short and simple. The only other channel used includes one agent middleman, for example, a technikon may employ an outside fund-raising organisation to generate increased contributions (Etzel et al., 2001:304). A Technikon may also choose to market a course through a professional body, for example tuition for the Institute of Marketing Management (IMM).

Kotler & Fox (1995:271) rightly suggest that educational institutions could use the telephone, television, radio, newspapers, computers and tape recorders as alternate channels. Where a Technikon sells an audio-visual course to a broadcasting corporation, a new channel is being utilised. When the transfer of ownership is directly between the Technikon and a student, then the use of the audio-visual media should be regarded as part of the service offered rather than as a new channel of distribution.

- **Distribution facilities**

An ideal location is important where a service is distributed directly from institution to student. Besides setting satellite campuses some technikons are involved in offering correspondence programmes for distance education students. Also, some overseas higher educational institutions offer franchises to the local technikons. In an effort to meet the needs of increasingly diverse students, and in response to the challenges of developments in information and communication technology, many higher educational institutions have adopted a range of educational methods usually associated with distance education. These include the use of student friendly course materials, email correspondence or interactive web-based approaches. This range of methods adopted to deliver courses and programmes has spawned a myriad terms such as distributive learning and telematics (NPHE, 2001:60). Technikons need to consider physical distribution decision areas, for example location of service, ownership of buildings, time schedules and atmospherics. As indicated earlier the physical surroundings in the distribution of a service influence a consumer's perception of the service. In this regard, Gray (1991:105) identifies the following aspects of "*place*" to improve this element of the marketing mix:

- External signposts,
- Indication of institutions entrance,
- Directions to reception area of various faculties/departments,
- Internal signposts to staff offices, toilets etc.,
- Well tended reception area with visual displays,
- Labelling of internal doors with description and numbers.

This would result in the intangible educational service being made more tangible by associating them with distinctive areas. The design of an efficient distribution, delivery or dissemination system is necessary to determine the level of convenience of an institution's target market (Kotler & Fox, 1995:274). The institution should consider the use of middlemen to provide the services to assist in making education easily accessible. As identified earlier a rather different approach to the distribution of educational services has resulted by the selling of franchises (Gray, 1991:110).

4.5.3.4 Promotion

Educational institutions need effective communications with its target markets. The institution must inform its clients and the general public about its goals, activities, services and motivate them to show interest in the institution. Technikon must discover effective means of making their services as tangible as possible to prospective students. Technikon management do not have models available to enable them to plan methods to influence student/donor decision making. In this regard, Kotler & Fox (1995:278) identify the tasks of a typical educational communicator:

- To maintain and enhance the image of the institution.
- To build alumni loyalty and continued support.
- To attract prospective donors.
- To provide information of the institutions programmes.
- To attract prospective students and encourage registrations.
- To rectify wrong information about the institution.

Promotion is essentially concerned with the communication strategy of the educational institution.

Although, education needs are not to be sold like washing powder, but the communication processes are similar in reaching the potential clients, and different methods are needed in each stage (Gray, 1991: 118). The elements of promotion are advertising, personal communication, special promotions and publicity.

- **Advertising**

Although some institutions may be averse to the idea of advertising, every educational institution needs to provide catalogues, bulletins and direct mail. Advertising has been used extensively in many service fields and non-profit organisations. These institutions use advertising via mass media (newspapers, television, radio) to reach its donor market. Direct mail can be effective in reaching particular donor market segments, for example, Technikon alumni. Educational institutions can also communicate to the client market through advertising. Technikon can run advertisements in a variety of media to attract student enrollment (Etzel et al., 2001:307).

According to Strydom et al. (2000:368) an advertising programme at a technikon requires five major decisions:

- Set advertising objectives.
- Determining the advertising budget.
- Decision on message.
- Selection of media.
- Evaluation of advertising effectiveness.

Advertising should be looked at in terms of its contributions to the overall communications programme. Advertising has a role to play not only in reaching prospective students but also in impacting on prospective students and current students (Gray, 1991:124). A technikon involved in direct advertising may issue letters, leaflets and brochures to its target audience. The huge growth in the application of certain marketing techniques, for example, direct mail and newspaper advertising for new student recruitment often constitutes the technikon's total attempt at strategic marketing. Point of sale advertising, for a technikon, will consist of displays in public areas on

campuses. Technikon blazers, badges, ties, cuff links, tracksuits and T/shirts are examples of packaging for the institution.

- **Personal communications**

Personal contact or personal selling plays an important role in persuading clients to register at a particular educational institution. What makes a student to enrol at a particular institution and in a specific department for a specific course? There may be a relationship between the initial contact with the institution and registration. Organising for personal selling involves the determination of who should do the selling and how these individuals should be assigned to selling functions and targeted clients. The professional must deliver good work and manage the client relationship well as a basis for future business (Kotler & Bloom, 1984:223).

Personal communication at a technikon is basically concerned with person to person communication and personal communications with large student groups. Corbitt (1998:50) points out that the educational institution needs to recognise that "word-of-mouth" or informal marketing strategy should form part of institutional marketing strategy. He further contends that it can be a useful tool in improving quality performance of service delivery and as a means of improving the marketable image of the institution. The communication tasks that need to be accomplished need to be clearly identified, as this is the role of students and staff in performing the communication tasks.

- **Special promotions**

The technikon would use special promotions to supplement advertising and personal communication in the institution. It is used as an incentive for prospective clients (students and donors). Special promotions usually cover a variety of non-recurrent, non-routine communication efforts, aimed at specific short term goals. Prospective students visiting a technikon during "Careers Day" may be given coupons entitling them concessions on fees in the first year. Technikons can also be involved in administering stands at exhibitions for example the Rand Easter Show - offering career guidance. Technikon "Open Days" can be particularly targeted at donors.

Yost & Tucker (1995:57) showed that campus visits play a powerful role in providing tangible evidence of the educational institution's offer to the prospective students. They further advise that those involved in developing marketing strategies for higher educational institutions should consider the decisive role of this element of the promotion mix.

- **Publicity**

Over time institutions develop a type of personality or image. It is important that educational institutions obtain favourable publicity so that the public will develop a positive image of the institution. In this regard, Jobber (1995:691) states that many institutions need to be aware of publicity opportunities that arises from its activities. Editors of newspapers and magazines are usually sympathetic to such publicity requests because of the general interest to the public.

4.5.3.5 People

The term "*people*" at the technikon includes the student and the employees. In services marketing literature (see section 3.3.3), internal marketing is seen as an essential component of delivering a quality service. The "*people*" aspect is contained throughout the service quality interaction and is of crucial importance in education, a high-contact service, where the quality of service is inseparable from the quality of the service provider (Donaldson & Runciman, 1995:246). Each department in the institution performs a specific task, however their activities must be co-ordinated and integrated to achieve the common goal of satisfying the students needs. Mohr-Jackson (1991:462) suggests that market orientation is not the result of isolated, individual action - it requires teamwork. Every institution should endeavour to develop qualified, experienced, informed and customer-conscious employees.

Gray (1991:140) asserts that it would be advantageous to include students in the marketing process for the educational institution, as students contribute to the learning process and impart to others the model of a good service. In addition, students are regarded as an institution's ambassadors. A marketing perspective necessitates the notion of internal marketing where marketing strategies are applied to "sell the job to employees" (Gray, 1991:143). The following

aspects of internal marketing will contribute to student-driven attitudes of employees (Burnett, 1992:27):

- Involvement of the employees in decision making, delegation of responsibility and recognition of individual initiative.
- Broader job descriptions that provide employees an understanding of the context of their job and impact and value of their work on other work areas.
- Removing management layers and increasing the interaction between workers and management and workers with each other.
- Effective informal communication and information dissemination.
- Customer satisfaction measurement and wider input to employee performance reviews (why not ask the customers how the employees are doing?).

To manage quality, the concept needs to be understood. Unfortunately, this appears to be lacking in educational services. Management should recognise that systems are necessary but are only as good as the people who operate them, then clearly service quality will not advance. People are the key to service quality and quality is about attitude and commitment of people who deliver the service. A failure to acknowledge and manage these gaps will impact negatively on the institution's survival (Donaldson & Runciman 1995:254).

Technikons have belatedly realised that they must revisit their marketing strategies to remain viable in the increasingly competitive environment. Once the educational institution has chosen a particular programme/market targets, the institution proceeds to develop marketing strategies for each programme. Marketing strategy is the selection of one or more target-markets segments, a competitive position and the development of an effective marketing mix to reach and serve the consumers (Kotler & Fox 1995:155). The marketing mix consists of the right blend of product, price, place, promotion and people that the technikon utilises to achieve its objectives in the target market. Based on the previous discussion it would appear reasonable to conclude that technikons need to develop pro-active marketing strategies to maintain their market share.

4.6 QUALITY OF SERVICES

Technikons need to respond to competitive pressures in the marketplace by adopting the concept of quality as a marketing tool. It is widely accepted in the marketing community that customer satisfaction must be the main component of the institutions' strategic marketing plan (Newman et al., 1998:232). Parasuraman et al. (1985:44) assert that customer satisfaction is the result of customers' perceptions of service quality. With the growth of the service sector in the economy and the increasing competitiveness, "quality" has become a major element in the effectiveness of the service industry. Quality is a difficult concept to define and measure, but quality is central to the success of any business that is involved in the marketing of services. The Committee of Technikon Principals, in line with Higher Education Quality Committee and other statutory requirements, guide the development, implementation, monitoring, review and evaluation of a quality assurance framework for technikons, focusing on quality of teaching, assessment, experiential learning, research and community service in Higher Education (CTP, June 2003).

4.6.1 Meaning of service quality

Palmer (1998:153) defined quality as "*conforming to requirements*", and Parasuraman et al. (1988:16) defined perceived service quality as "global judgement, or attitude, relating to the superiority of the service". Quality can be defined by customers and occurs where a firm supplies goods or services to a specification that satisfies needs. If quality is defined as a service meeting customers' requirements, the problem remains of identifying just what those requirements are. Parasuraman et al. (1985:42) suggest three underlying themes on services quality:

- Service quality is more difficult for the consumer to evaluate than goods quality,
- Service quality perceptions result from a comparison of consumer expectations with actual service performance, and
- Quality evaluations are not made solely on the outcome of service; they also involve evaluations of the process of service delivery.

Service quality is highly abstract construct, in contrast to goods, where technical aspects of quality

predominate. An analysis of service quality is complicated because production and consumption of a service occur simultaneously, as detailed in section 3.3.3.2.

4.6.2 Consumers' Expectations

Service quality has two dimensions viz. technical and functional quality. Technical quality refers to "what" the consumer receives and functional quality refers to "how" the technical elements of a service are provided. Parsuraman, Zeithaml and Berry (as cited by Kotler, 2000:439) formulated a service -quality model, highlighting the core variables necessary for the delivery of high service quality. The model identifies five gaps for unsatisfactory service delivery:

- Gap between consumer expectation and management perception: The service provider does not always understand what the students want. Technikon management may think that students want improved library facilities, but students may be more concerned with lecturer responsiveness.
- Gap between management perception and service-quality specification: The service provider may correctly perceive the students' wants but not set a specified performance standard. Technikon management may advise the lecturers to give "fast" service without specifying it quantitatively.
- Gap between service quality specifications and service delivery: The lecturers/administration staff may be poorly trained, or incapable or unwilling to meet the standard. Staff may hold conflicting standards, such as taking time to listen to students and serving them timeously.
- Gap between service delivery and external communications: Students expectations are affected by statements made by technikon staff and promotions. If a technikon brochure shows high tech computer laboratory, but the student registers and finds the laboratory not up to scratch, external communications have distorted the student's expectations.
- Gap between perceived service and expected service: This gap occurs when the student mis-perceives the service quality. The lecturer may keep visiting an important area to show care, but the student may interpret this as an indication that something is really wrong.

A number of research studies have been undertaken to identify factors influencing consumer expectations of quality. In this regard, Parasuraman et al. (1991:41) list one scheme that identifies five dimensions:

- Tangibles - the physical appearance of facilities, equipment and personnel.
- Reliability - the ability to perform the service dependably, accurately and consistently.
- Responsiveness - willingness to provide prompt service and help customers.
- Assurance - service provides knowledge, trustworthiness and ability to inspire confidence.
- Empathy - sense of caring and individualised customer attention.

The strategic significance and implications of quality of services are important to the marketing of services and therefore should not be ignored. Alfred (2001:184) concludes that all service institutions will benefit employing a strategic plan that addresses building and sustaining a service culture. He further points out that employee satisfaction results in customer satisfaction, customer retention, and increased sustain-ability. Technikon must decide on their response to consumer expectations because such decisions influence marketplace positioning and distinctiveness. Technikon also need to decide on the management of quality over time in response to changing consumer expectations. The increase or decrease of quality have significant strategic implications (Cowell 1995:676).

4.6.3 Management of service quality

Donaldson & Runciman (1995:243) rightly point out that service quality is a key concept in the marketplace. This has been a pervasive force sweeping across many firms and a significant influence permeating in education services. Market forces and terminology of the market place have gradually crept into the world of education. The service quality challenge for most educational institutions means sweeping changes in corporate culture, radical shift in management philosophy and a commitment from the institutions to seek improvement in performance. CTP (June, 2003) outline the principles of a best practice quality assurance to include the following:

- a commitment to programme quality that can be measured in terms of the extent to which the programme reflect institutional core values, support fitness for purpose and promote efficiency, viability and sustainability;
- an appropriate institutional climate conducive to a quality management continuum in which all relevant stakeholders take ownership for their quality management;
- a client orientation with feedback mechanisms to ascertain the degree of student satisfaction;
- the utilisation of institutional research to establish indicators, objectives and benchmarks to reflect continuous improvement;
- a commitment to continuous improvement, accountability and transparency;
- a conformance to any set standards, specifications and criteria;
- continuous monitoring and reporting;
- a developmental and formative approach that is pro-active.

The quality of service is critical to educational institutions. Although it is difficult to define service quality, management needs to take cognisance of it. *Quality is determined by the consumer, not by the producer-seller*, (Etzel et al., 2001:308). Service quality that does not meet clients expectations would result in lost sales and failure to attract new customers. Likewise, Gray (1991:80) submits that programme managers at technikons have a difficult task of reconciling a curriculum that meets individual needs and expectations with the national requirements to produce a curriculum to be validated by internal and external standards. Therefore, the institutions need to strive to maintain consistent service quality to meet customers expectations. For this reason it is imperative that technikons design and operate an on going quality - improvement programme that is capable of monitoring the level of consistency of the service quality.

4.7 CONCLUSION

The aim of this chapter has been to gain an insight into the existing knowledge of the marketing environment of this study, that is the macro-environment, market environment and micro-environment of technikons in KwaZulu-Natal. A major challenge for higher education institutions has been facing the storms of change within and outside the academy, and technikons had to

engage in major realignments to address the educational imperatives of their institutions as well as the demographic, economic, and cultural imperatives of South Africa. Technikons need to gain the edge in an increasingly competitive economic global environment. The world is an ever-changing place, politically, geographically and technologically. The rapid technological advances of the twenty first century has placed technikon education under pressure to adapt and incorporate these changes in the curriculum.

In considering the aims of the literature review it should be stated that for the researcher, it is much more than a mere survey of the “status quo” of information that results in a list of facts representing literature on the area study. It is more than a “vehicle of learning”, although the aspect of gaining knowledge is important. Here, it is understood that the literature review is more of a “research facilitator”, because it influences the research at many stages of its development, from the inception to the conclusions. It follows then, the preceding three chapters constitute a literature review that aims to identify the current state of knowledge pertaining to the research area. Chapter two dealt with the marketing philosophies applicable to technikons in KwaZulu-Natal. In Chapter three the higher education sector in KwaZulu-Natal was analysed. The current chapter four focused on the marketing environment of technikons in KwaZulu-Natal. Technikons need to provide quality learning, responsive to the influences of the marketing environment. The variables of the micro-environment are within the control of technikon management.

The preceding three chapters provide a conceptual framework in which facts, relationships and findings of this research study can be placed, and it assists to refine and introduce ideas that are relevant to the scope of the study. Chapter five explains and justifies the selection of the appropriate research design and sample to explore the market orientation of business studies degrees. This is followed by a description of the research process, in particular the administration of the questionnaire and method of analysing the data. It is followed by a detailed discussion of the empirical findings for this study.

CHAPTER FIVE

RESEARCH FINDINGS AND DISCUSSION OF RESULTS

5.1 INTRODUCTION

The marketing philosophies, the landscape of higher education and the marketing environment, as applicable within technikons, have been reflected in the preceding three chapters. The literature has provided the conceptual framework for the empirical research. The empirical investigation focused on market orientation to business studies degree programmes at technikons in KwaZulu-Natal. The data for this study has been obtained by the analysis of the responses to questionnaires that were administered among graduates and programme managers of business studies degrees at technikons in KwaZulu-Natal. The data obtained from the questionnaires was analysed by a research analyst from a university, who has several years experience, using a programme called SPSS (Statistical Package for Social Scientists) for Windows Version 10.

This chapter commences with a brief review of the research methodology. This is followed by a descriptive statistical presentation of the key demographic characteristics of the respondents. The second section of the chapter consists of an analysis of the findings on the four constructs that are embodied in this study, namely, intelligence generation, intelligence dissemination, response design and response implementation. All significant findings are accompanied by numerical and graphical representations so as to assist in the interpretation and understanding of the results.

5.2 A REVIEW OF THE RESEARCH METHODOLOGY

The empirical research was carried out to evaluate the applicability of market orientation of business studies degrees at technikons in KwaZulu-Natal. The target respondents for this study were graduates and programme managers of business studies degrees. Two questionnaires were administered, one amongst academic programme managers of business studies programmes and the other amongst graduates of business studies degrees, to ascertain their perceptions on the implementation of the marketing concept. The mean scores of the individual items used in the

survey instrument would reflect the level of market orientation. The study was perceived important to bridge the gaps identified in the literature study, and, moreover to provide managerial guidelines to identify any shortfalls in market orientation that may hinder progress in the realities of the education world. The objective of the empirical study, as indicated in section 1.5.2 is to design an appropriate instrument to ascertain the perceptions of programme managers and graduates with regard to the applicability of market orientation of business studies degrees at technikons in KwaZulu-Natal, and report on the findings. This will be accomplished by:

- determining the level of market orientation in the view of programme managers and graduates of business studies degrees at technikons in KwaZulu-Natal;
- identifying relationships, if any, within the constructs of market orientation for both programme managers and graduates of business studies degrees and between male and female respondents;
- identifying relationships, if any, between the constructs of market orientation and demographic characteristics of respondents; and
- gauging the overall quality of services provided by technikons, based on the perceptions of the graduates and programme managers;

A total of 39 programme managers for business studies degrees was identified in the three technikons in KwaZulu-Natal. Due to the relatively small size of the sampling frame in this study, it was decided to send out questionnaires to all 39 programme managers i.e. a census was conducted. In some cases the researcher called personally on respondents to clarify problems that they may have encountered in the completion of the questionnaire, as well as to encourage participation. A total of 36 respondents returned the questionnaires which constituted a response rate of 92.31 percent. The response was remarkable and may be attributed to the professional association of the researcher and respondents, and the strong interest of the respondents in the study.

A total of 1 072 graduates for Baccalaureus Technologiae (B Tech) in Business Studies degrees were identified, for the period 1996 to 2002, as per the academic records of the respective institutions. A stratified random sample size of 400 was advised for the administration of a

questionnaire amongst the graduates. The survey instruments, (see Annexures 5A and 5B) were designed around the validated MARKOR instrument which measures market orientation (Kohli et al., 1993). MARKOR seeks to measure market orientation by collectively analysing perceptions of respective respondents. The original instrument was amended to reflect the situation in the technikon environment as against a business unit. Questions 1, 4, 8, 10 and 14 were repeated in the questionnaire for programme managers to include industry (Caruana et al., 1988:60). The changes involved substituting “department” for “business unit”, higher education “environment” for industry, “academic staff” for “department”, “courses/ programmes” for “products” and “students / industry” for “customers”. The self-administered questionnaire was posted to the 400 graduates of business studies degrees, together with a self-addressed and stamped envelope, so that the questionnaire could be mailed back to the researcher. The response rate for graduates was 29,75 percent, with 119 respondents returning the questionnaire, which is typical and acceptable for this type of study.

The study questionnaires were grouped into constructs from a previous study and there was no mixing of questions. These constructs were developed and validated by Jaworski & Kohli (1993): intelligence generation; intelligence dissemination; response design and response implementation. The structured questionnaire also included a section on the demographic profile of the respondent, rating overall quality of service and an opportunity to provide open-ended comments. The demographic profile of the respondents are presented in the next section, followed by a analyses and interpretation of the findings.

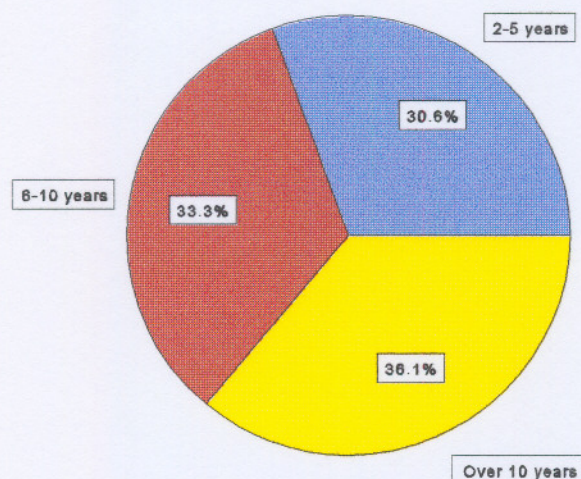
5.3 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

The demographic composition of the student population is undergoing major changes and is beginning to reflect the demographic characteristics of the broader South Africa society (see Section 3.4.1) In each of the questionnaires, questions on the profile of respondent were included to correlate certain findings with specific demographic characteristics of either programme managers or graduates of business studies degrees.

5.3.1 Academic programme managers : duration in position

A large number of respondents, namely, 36.1 percent have more than ten years experience in their positions, followed by 33.3 percent with between 6 and 10 years as reflected in Figure 5.1.

FIGURE 5.1 PROGRAMME MANAGERS : DURATION IN POSITION



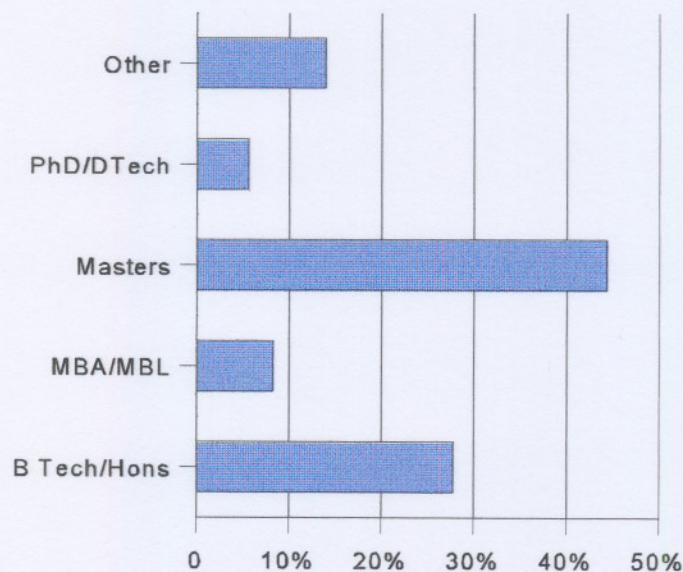
Programme managers appear to have adequate experience in terms of the number of years that they have managed the relevant business studies programme. It may be appropriate, at times to rotate the position of programme manager. It is not uncommon to find authority vested in a programme manager, for example, the power of motivating all innovations within the programme, including marketing. Ignorance and indifference displayed towards marketing may be easily overlooked and condoned by staff. There was no difference between the four constructs of market orientation and years of service of programme managers ($p > 0.05$).

5.3.2 Educational qualifications of academic programme managers

It is revealed in Figure 5.2 that the largest percentage (44.4%) of respondents have a masters degree/ magister technologiae (M Tech) with at least 50% dissertation. This was followed by

27.8 % who possessed a B Technology /Honours degree and 13.9 percent with a professional qualification. It is noteworthy that only 5.6 % of programme managers had a PhD/D Tech degree and 27.8 % of programme managers have only a matric plus four (M+4) vertical qualification. The technikon programmes comprise NQF levels 5 to 8 in the higher education and training (HET) band, as explained in Section 3.5.2. Technikon management need to impress upon programme managers the need to upgrade their qualifications if they are to provide higher education and training. Analysis of variance (ANOVA) was used to determine the statistical differences between the groups. The “*F*” - test in ANOVA indicates if the observed differences are meaningful. A “*F*” value of 2.840 for the construct “response implementation” was computed, implying significant differences between education levels and the response implementation

FIGURE 5.2 PROGRAMME MANAGERS : HIGHEST QUALIFICATION

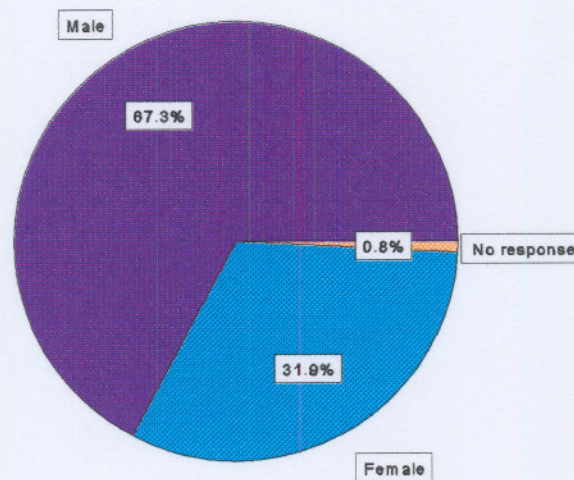


5.3.3 Gender distribution of graduates

Of the 119 respondents in the sample, 38 are female, one missing observation and 80 were male. This is reflected in Figure 5.3. In term of overall enrolments, gender equity seems to be effected satisfactorily since 1997 (see Section 3.4.1). However, gender equity continues to remain a

challenge in certain fields of study, as well as at postgraduate levels in technikons, which may explain female respondents accounting for 31.9 %. The t-value is the ratio of the difference between two sample means and standard error. In other words the t-test tries to prove a rational way of determining in the difference between the two samples means (male and female) occurred by chance. A t-test revealed no significant difference in the constructs between males and females for both graduates and programme managers ($p > 0.05$).

FIGURE 5.3 DISTRIBUTION OF GRADUATES

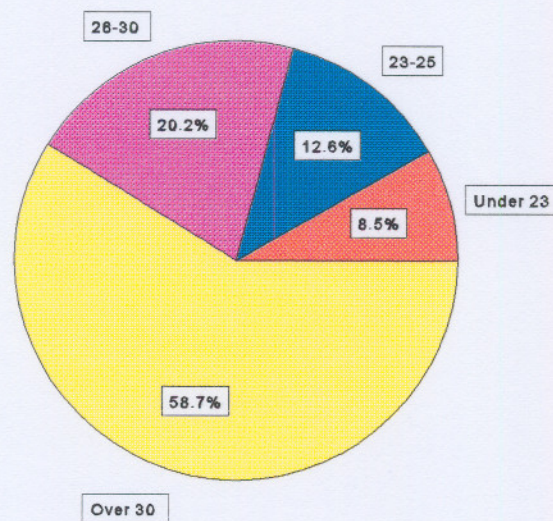


5.3.4 Age distribution of graduates

The age distribution of respondents is indicated in figure 5.4. The majority of respondents 58,8 % fell in the over 30 age category, followed by 20,2 % who were between 26 and 30 years old, and 12,6 percent of the respondents who were between 23 and 25 years of age. In the mid-1990's more than 20 % of South Africans in the age group 20-24 were enrolled in either public or private higher education institution (see section 3.4.1). The overall participation rate was approximately 15 percent in 1999, constituting 654 000 students in public higher education, with only 12 % African students (CHE Report, 2000:28). On current population figures a gross participation rate of 20 percent would result to 752 000 students. The issue of the size of higher education also

raises the question of the number of institutions that are necessary to satisfy the needs of the country. An ANOVA test was used to determine the difference between the various age groups and the four constructs: “intelligence generation, intelligence dissemination, response design and response implementation”. There was a significant difference between the construct “intelligence generation” and age groups ($p < 0.05$). The under 23 and over 30 groups seem to be indifferent or generally answered neutral. Similar differences were computed for the constructs “intelligence dissemination” and “response design”.

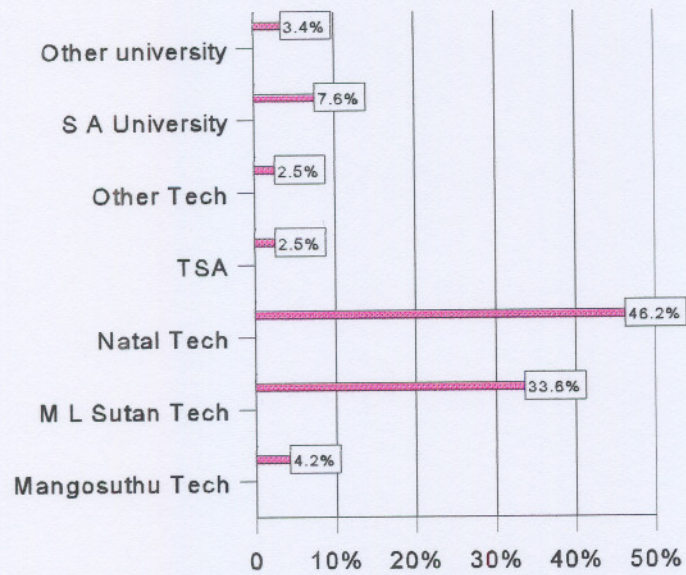
FIGURE 5.4 AGE DISTRIBUTION OF GRADUATES



5.3.5 Graduates : Institution of undergraduate studies

The majority of the graduates studied at Natal Technikon and ML Sultan Technikon. (46,2 % and 33,6 % respectively) Figure 5.5 indicates only 2,5 % studied outside a Technikon in KwaZulu-Natal for their undergraduate studies. There are major inefficiencies related to student throughput rates, graduation rates, student dropouts, student repetition and retention, and unit costs across the system (see Section 3.4.1). It is also evident from figure 5.5 that there is some mobility from universities to technikons for post-graduate studies. With regards to mobility, 11 % of respondents had a university qualifications.

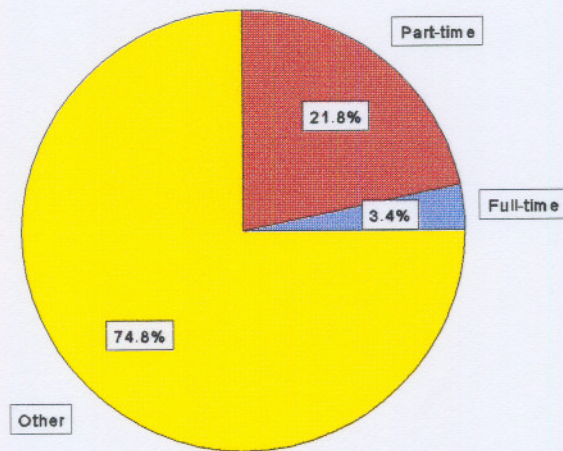
FIGURE :5.5 GRADUATES : INSTITUTION OF UNDERGRADUATE STUDIES



5.3.6 Graduates : Current enrolment status

Figure 5.6 reflects that only 3.4 % and 21.8 % of the respondents are in full-time and part-time study respectively. The majority of the graduates 74,8 % are not registered for higher qualifications. Technikons need to tap on this segment of the market because masters degree enrolments attract a substantially greater government subsidy (see section 3.3). An option the technikons can explore is distance learning to a greater extent, which seems to be best suited as a complimentary and affordable system of education (see section 3,4,2). It is recognised that in developing countries, the growing needs for higher education, has been met by distance education (CHE, 2000).

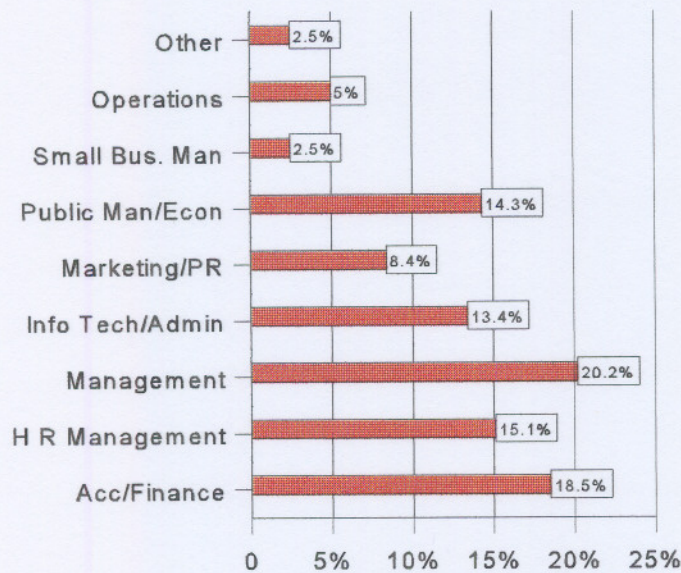
FIGURE 5.6 GRADUATES : CURRENT ENROLMENT STATUS



5.3.7 Graduates : Major area of undergraduate studies

It is evident in Figure 5.7 that a large proportion of respondents, namely, 20,2 % had a management qualification in their undergraduate studies, followed by accounting/finance and human resources management at 18,5 % and 15,1 % respectively. It was interesting to note that respondents for the various programmes reflect the current registration trends at these technikons. For the purposes, of this study all degree programmes that fall into NSB 03 category are regarded as business studies degrees (See section 3.5.3). Apart from the descriptive statistics used to highlight the sample profile, the questionnaire included a question on the overall evaluation of service at the technikon. The graduates had to indicate if they would continue at the technikon and as well as recommend the institution to family and friends.

FIGURE 5.7 GRADUATES : MAJOR AREA OF UNDERGRADUATE STUDIES



5.3.8 Overall quality of services

The analysis reflected in Table 5.1 on the frequency distribution of overall quality of services at the technikon, revealed divergent responses from both programme managers and graduates. The likert-type scale items described by: 1, strongly disagree, to 7 - strongly agree. The number of scale points was increased to seven, as this generally helps scale reliability and does not affect its psychometric properties (Nunnally, 1978). As illustrated in Table 5.1, it is the view of 47.3 % programme managers that the quality of service is above average and 13.9% rate the service as average. The graduates on the other hand rate the service above average 32% and average 45.4% respectively. There are discrepancies between programme manager and graduate expectations of service quality.

Of concern, albeit pertaining to small number of respondents, was the response that overall quality was wanting. This applied to programme managers (38,9 percent) and graduates (22,7 percent). It must be noted that though programme managers are in charge of their respective programmes, they do not have much control in the overall quality of service at the technikon. It is interesting to note that the standard mean for programme managers and graduates was 4,08 and 4,2 respectively.

The principles of a best practice quality assurance is outlined in section 4.6.3. The quality of service is critical to educational institutions. It is evident from the responses that the overall quality at the institutions can be improved. Quality may be an impeding factor in the adoption of the marketing concept in the institution. This negates the practical implementation of a strategic approach to marketing in the technikons. For this reason it is imperative that technikons design and operate an on going quality - improvement programme that is capable of monitoring the level of service quality.

TABLE 5.1 PERCEPTIONS OF QUALITY : GRADUATE VS SERVICE PROVIDER

Category	Programme Managers		Graduates	
	Frequency (n)	Percentage (%)	Frequency (n)	Percentage (%)
Poor	1	2,8	5	4,2
2	6	16,7	3	2,5
3	7	19,4	19	16,0
Neutral	5	13,9	54	45,4
5	11	30,6	19	16,0
6	4	11,1	12	10,1
Excellent	2	5,6	7	5,9
Total	36	100,0	119	100,0

A Pearson correlation (r - value) between overall quality and service at technikon and construct “intelligence generation” of 0.421 at 0.01 significant level was yielded. There was also a moderate directly proportional relationship between overall quality and construct “intelligence dissemination”. If graduates generally agree about intelligence generation and intelligence dissemination, they would have generally agreed about overall quality. A chi - square test (Table 5.2) revealed a significant difference in overall quality between graduates and programme managers. The Chi-Square analysis permits to test for significance between frequency distributions of two or more groups - male/ female; graduates/ programme managers. The p-value is less than

0.5 indicating significant difference in overall quality between groups. The percentage of the total group was calculated of the total group to make comparison easier. For example, 45.4% of graduates indicated neutral as compared to 13.9% of programme managers. The results show that the technikons surveyed in KwaZulu-Natal, for business studies programmes are not currently delivering quality service in the view of their graduates. Business studies programme managers require more active involvement and co-operation of their customers (students) in the creation of the service product (education). Caution should be exercised when interpreting this result because 35.7% of the cells have expected frequencies of less than 5.

TABLE 5.2 CHI-SQUARE TESTS - OVERALL QUALITY OF SERVICES

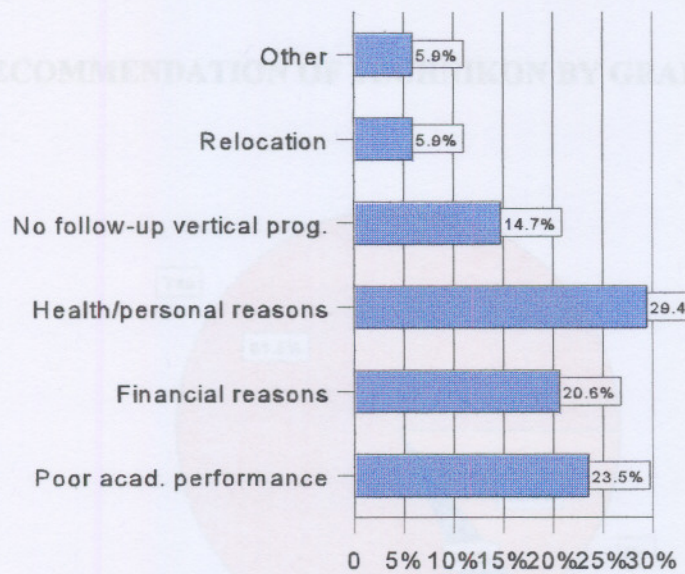
	Value	df	p
Pearson Chi-Square	20.141*	6	0.003

- 5 cells (35.7) have expected count less than 5.
The minimum expected count is 1.39

5.3.9 Graduates : Continue to attend last technikon

71.4 % of the graduates indicated that they will continue to attend their last technikon for further studies, while 28,6 % have no intentions to continue for various reasons. Figure 5.8 reflects some of the reasons for not continuing as poor academic performances (23,5 %); financial reasons (20,6 percent) and health and personal reasons (29,4 percent). It seems reasonable that quality is deemed an important factor in an educational environment. It was noted in section 4.5.3.5 that it would be advantageous to include students in the marketing process for the educational institution, as students serve as worthy ambassadors in communicating favourable word of mouth messages to potential students.

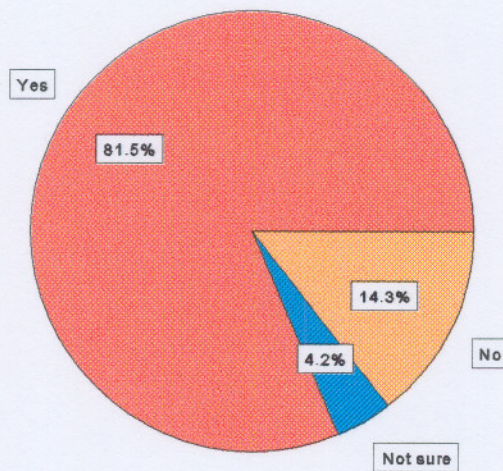
FIGURE 5.8 GRADUATES : REASONS FOR NOT CONTINUING IN FUTURE



5.3.10 Graduates : Recommendation of technikon

As illustrated in Figure 5.9, most respondents will recommend their last technikon to family and friends 14.3% indicated that they would not recommend their last technikon. There were five missing observations. Personal communication at a technikon is basically concerned with person to person communication and personal communications with student groups. Technikon need to recognise that “word-of-mouth” or informal marketing forms an important part of institutional marketing strategy (see Section 4.5.3.4). The importance of personal recommendation, particularly from graduates, enhances credibility to prospective students. Surprisingly though, 26.7% of the graduates indicated that the overall quality of service as unsatisfactory, 81.5% have indicated that they would recommend their last technikon to family and friends.

FIGURE 5.9 RECOMMENDATION OF TECHNIKON BY GRADUATES



The next section comprises a presentation, analysis and interpretation of the findings.

5.4 PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

All items in the adapted market orientation scale were subjected to an internal validity analysis. Individual items were examined for correlation to total scores for each related individual construct, i.e., questions one to six to intelligence generation (summation of intelligence scores to question 1 to question 6). The same procedure was conducted for other constructs. This procedure applied to both questionnaires, i.e. these were administered to graduates as well as programme managers of business studies degrees. The objective of this procedure was to establish whether each item contributed to the same sub-scale and to establish the homogeneity and internal consistency of the sub-scales. This section focuses on a discussion of the four constructs of market orientation. Statistical data are presented in the form of frequency tables and charts.

MARKOR - SURVEY INSTRUMENT

MARKOR - SURVEY INSTRUMENT

Cronbach's alpha was run for the whole scale. Cronbach's alpha is a measure of internal consistency of the item. Though no hard and fast rules have been offered for evaluating the magnitude of reliability of coefficients, Nunnally (1970) suggests some useful guidelines. In exploratory research, reliability in the range 0.5 and 0.6 will suffice. Several studies continually refine measures until alphas values of 0.7 are achieved (Parasuraman et al.; 1985:47). It is often reported in marketing literature that if the respondent sample is small and if the number of items are few, the resultant coefficient should be viewed with caution. This means that both the number of items, and respondent size are critical in determining the confidence limits of estimated construct reliability. Alpha values close to 1 indicate a high degree of internal consistency and stability, values of 0.7 and upwards indicate good reliability. In this study, reliability coefficients for the total scale for overall market orientation yielded 0.7795 for graduates and 0.8601 for programme managers respectively. This was achieved after removing items with low item-to-total correlations (Question 8, 15 and 17) in the questionnaire for graduates as recommended by Churchill (1995:542). An inspection of the corrected item-total correlations showed that three items had low values and could be eliminated. The following section covers findings regarding the four constructs of market orientation.

5.5 CONSTRUCT ONE : INTELLIGENCE GENERATION

Intelligence generation was the subject of six questions for graduates and eight questions for programme managers respectively. Marketing intelligence is the starting point of a market orientation. It includes all the informal means for generating information about students, industry, competitors, government and donor needs and preferences. Ascertaining current and future student needs and monitoring competitors and environment is an on-going exercise at a technikon. It follows that intelligence generation is the source of ideas for new programmes. Reliability for each of the 6 and 8 dimensions were moderate with a Cronbach alpha value of 0.5347 for graduates (0.6664 after removing question 3) and 0.7415 for programme managers respectively. The moderate correlation indicates that they are converging to a common construct.

5.5.1 Department meets with students at least once year to find out what courses or services will be needed in the future.

(Question repeated in questionnaire for programme managers to include industry. - see Annexure 2)

The data suggests that the majority of graduates (58 %) strongly disagree with the statement. With regard to programme managers, the results reveal that 33.3% and 61.1% strongly agree with this statement in respect with students and industry respectively. There is also evidence of the disparity between the means, as presented in Table 5.3. The mean values for individual items are indicated on scale 1 to 5 to show general responses. Values around 1 to 2.5 indicate that respondents generally disagree, values around 3 (>2.5, <3.5) indicate not certain, values >3.5 indicate agreement. The needs of a specific industry or segment thereof should be taken into account when instructional programmes are compiled. It is understood that industry should be given and should make use of the opportunity to make an input during the compilation of the instructional programmes. It is a requirement in terms of SERTEC and HEQC that the department engages in regular meetings with student and industry (see Section 3.2.3). The Pearson correlation coefficients were computed to examine the relationships between the question and the construct. The Pearson correlation coefficient measures the degree of linear association between two variables. It varies between -1.00 and +1.00, with 0 representing absolutely no association between two variables, and -1.00 or +1.00 representing a perfect link between two variables. The higher the correlation coefficient, the stronger the level of association. There was no correlation between the above statement and the construct “intelligence generation” for graduates, indicating that this question does not contribute significantly to the construct. For programme managers, the correlation coefficient is statistically significant (0.370 at 0.05 level, 2-tailed) for the above statement. The second question does not correlate significantly with the construct “intelligence generation”, suggesting it should be omitted.

TABLE 5.3 MEETINGS WITH STUDENTS/INDUSTRY

Respondent	Graduate (Q 1)		Programme Manager (Q 1)		Programme Manager (Q 2)	
	n	%	n	%	n	%
Strongly disagree	69	58.0	8	22.2	3	8.3
Disagree	21	17.6	9	25.0	4	11.1
Neutral	22	18.5	5	13.9	2	5.6
Agree	4	3.4	2	5.6	5	13.9
Strongly Agree	3	2.5	12	33.3	22	61.1
Total	119	100.0	36	100.0	36	36
Mean	1.75		3.03		4.08	
Mode	1		5		5	
Std. Deviation	1.035		1.612		1.381	

5.5.2 Department engages in a lot in-house market research:

The results reveal that 26.9% and 39.5% of the graduates disagreed and strongly disagreed with the statement respectively. As far as programme managers were concerned, 27.8% and 19.4% of respondents disagreed and strongly disagreed with the statement respectively. This is an untenable situation more especially since higher education institutions are presently in a state of flux, functioning in a complex and dynamic macro-environment influenced by momentous social, political, technological and economic forces. The mean values in Table 5.4 indicate disagreement amongst graduates and uncertainty amongst programme managers. No new instructional programme should be introduced without it being preceded by a thorough evaluation of its market relatedness. Marketing research is essential for an institution's continued success and growth as it involves the formulation of strategies needed in order to address the dynamic changes in the environment in which the technikon operates (see Section 4.5.2). The correlation coefficient is statistically significant between the above statement and the construct : intelligence generation for

both graduates and programme managers (0.223 and 0.371 at 0.05 level : 2-tailed) respectively.

TABLE 5.4 IN-HOUSE MARKET RESEARCH

Respondent	Graduate (Q 2)		Programme Manager (Q 3)	
	n	%	n	%
Strongly Disagree	47	39.4	7	19.4
Disagree	32	26.9	10	27.8
Neutral	26	21.8	8	22.2
Agree	9	7.6	5	13.9
Strongly Agree	3	2.5	6	16.7
Total	117*	98.3	36	100.0
Mean	2.02		2.81	
Mode	1		2	
Std. Deviation	1.105		1.369	

• Note : Number of missing observation = 2 (1.7%)

5.5.3 Department is slow to detect changes in student's course preference.

(reversed coded item)

The results from the survey indicate that 30.3% and 23.5% of the graduates agreed and strongly agreed with the statement respectively. On the other hand, programme managers agreed and strongly agreed with the statement by 11.1% and 8.3% respectively. The computed mean on Table 5.5 suggests that both graduates and programme managers are uncertain about this statement. The market orientated technikon would have a greater understanding of the market environment and reduce the incidence of failure of new instructional offerings. A major demand placed on technikons concerns the various Education Acts requiring that technikons plan and deliver academic programmes applying an outcomes-based approach. The curriculum process is a continuous process which require that an evaluation must be done of the success of the programme in terms of its aims and goals and the requirements of the world of work. The correlation

coefficient produced a highly significant result of 0.350 at a level of 0.01, 2-tailed between the above statement and the construct “intelligence generation” for graduates. The correlation test in respect of programme managers yielded a significant result of 0.418 at a level of 0.05 level, 2-tailed.

TABLE 5.5 STUDENT’S COURSE PREFERENCE

Respondent	Graduate (Q 3)		Programme Manager (Q 4)	
	n	%	n	%
Strongly Disagree	19	16.0	10	27.8
Disagree	14	11.8	7	19.4
Neutral	22	18.5	12	33.3
Agree	36	30.3	4	11.1
Strongly Agree	28	23.5	3	8.3
Total	119	100.0	36	100.0
Mean	2.66		3.47	
Mode	2		3	
Std. Deviation	1.379		1.253	

5.5.4 Survey students at least once a year to assess quality of courses and services.

Question repeated in questionnaire for programme managers to include industry. (see Annexure 2)

The results indicate that the highest proportion of graduate respondents, viz. 30.3% disagreed with this statement, while 50% of programme managers agreed with the statement. With respect to question six, a large proportion of programme managers, viz. 41.7% strongly agreed that they survey industry once a year to assess quality. The mean values in Table 5.6 indicate uncertainty amongst the graduates and agreement amongst programme managers in respect of surveying students once a year to assess quality of courses and services. From a market orientation viewpoint, the education market is important, because it works with intangible products of which

service quality and customer orientation are crucial elements (see Section 3.3.3.2). Performance indicators must be included in the evaluation procedure. Every technikon should strive to be a centre of excellence in each business studies instructional programme offered. The correlation coefficient produced a highly significant result (0.300 at 0.01 level, 2-tailed) between the above statement and the construct for graduates. The test in respect of programme managers yielded a significant result of (0.366 and 0.367 at 0.05 level, 2-tailed) for question 5 and 6 respectively.

TABLE 5.6 ASSESSING QUALITY OF COURSES AND SERVICES

Respondents	Graduates (Q 4)		Programme Managers (Q 5)		Programme Managers (Q 6)	
	n	%	n	%	n	%
Strongly Disagree	36	30.3	2	5.6	6	16.7
Disagree	23	19.3	4	11.1	3	8.3
Neutral	27	22.7	4	11.1	4	11.1
Agree	20	16.8	8	22.2	8	22.2
Strongly Agree	12	10.1	18	50.0	15	41.7
Total	118*	99.2	36	100.0	36	100.0
Mean	2.55		4.00		3.64	
Mode	1		5		5	
Std. Deviation	1.364		1.265		1.515	

Note : Number of missing observations = 1 (0.8%)

5.5.5 Department is slow to detect fundamental shifts in higher education environment:
(reversed coded item)

An analysis of the responses revealed that 22.7% and 12.6% of the graduate respondents agree and strongly agree with the statement respectively. The responses from the programme managers indicate that 27.8% and 41.7%, disagree and strongly disagree respectively. The mean values in Table 5.7 indicate uncertainty amongst graduates and agreement amongst programme managers. Faced with budget constraints, the government have contemplated major changes to technikon

funding. The government has tied the enrollment statistics with funding, which has resulted in institutions becoming more competitive for students. The technikon cannot be competitive with other higher educational institutions without assessing the dynamic marketing environment (see Section 4.2). The correlation coefficient is statistically significant between the above statement and the construct: intelligence generation for both graduates and programme managers (0.316 and 0.393 at 0.05 level : 2-tailed) respectively.

TABLE 5.7 SHIFTS IN HIGHER EDUCATION

Respondent	Graduate (Q 5)		Programme Manager (Q 7)	
	n	%	n	%
Strongly Disagree	17	14.3	15	41.7
Disagree	18	15.1	10	27.8
Neutral	42	35.3	5	13.9
Agree	27	22.7	3	8.3
Strongly Agree	15	12.6	3	8.3
Total	119	100.0	36	100.0
Mean	2.96		3.86	
Mode	3		5	
Std. Deviation	1.210		1.291	

5.5.6 Department periodically reviews the likely effect of changes in higher education environment.

The results from the survey indicate that 20.2% and 15.1% of graduate respondents disagreed and strongly disagreed with the above statement respectively. The majority of programme managers, i.e. 27.8% and 30.6% agreed and strongly agreed with the above statement. There was therefore no unanimity between the two groups of respondents with regard to the above statement. The

uncertainty amongst graduates and some agreement amongst programme managers is reflected in Table 5.8. There have been examples that some organisations' success can be attributed to technical excellence and not by following customers. The success of technikons in the future will be to an extent be determined by their ability to develop programmes of study as part of their marketing effort. Technikons, like business organisations, need to monitor and adapt to the dynamic changes taking place in the political, economic, social and technological environment (see Section 4.3). A (Pearson correlation) r - value (0.280 at 0.01 level : 2-tailed) was computed between question 6 and construct "intelligence generation" for graduates. There was no significant correlation between question 8 and the construct "intelligence generation" for programme managers, indicating that this does not contribute to the construct.

TABLE 5.8 CHANGES IN HIGHER EDUCATION ENVIRONMENT

Respondent	Graduate (Q 6)		Programme Manager (Q 8)	
	n	%	n	%
Strongly Disagree	18	15.1	2	5.6
Disagree	24	20.2	8	22.2
Neutral	39	32.8	5	13.9
Agree	27	22.7	10	27.8
Strongly Agree	9	7.6	11	30.6
Total	117*	98.3	36	100.0
Mean	2.82		3.56	
Mode	3		5	
Std. Deviation	1.212		1.297	

• Note : Number of missing observations = 2 (1.7%)

5.6 CONSTRUCT TWO : INTELLIGENCE DISSEMINATION

For the construct : intelligence dissemination there were five questions for graduates and seven questions for programme managers respectively. The participation of all departments is necessary in responding to market needs. It involves the flow of formal and informal shared information about the market environment. The institution must adapt to market needs by communicating and disseminating marketing information amongst the functional areas. In this study, the construct “intelligence dissemination”, the reliability for each of the 5 and 7 dimensions was moderate with a Cronbach-alpha value of 0.5347 for graduates (0.6099 after removing question 11) and 0.6471 for programme managers respectively.

5.6.1 There are inter-department meetings at least twice a year to discuss market trends and developments.

It emerges that 44.5% were neutral, whilst 4.2% of the graduates strongly disagreed with the statement. The programme managers indicated an equal response of 22.2% each for the three categories, neutral, agree and strongly agree. The mean values as reflected in Table 5.9 indicate uncertainty by both groups of respondents. A knowledge of marketing trends and development will allow the technician to better understand a selected market, as well as the behaviour of the people in the market. It was reported in Section 2.3.3 that the main determinant of market orientation are senior managements' emphasis, inter-departmental dynamics, and organisational systems. The correlation coefficient is statistically significant between the above statement and the construct “intelligence dissemination” for both graduates and programme managers (0.684 and 0.583 at 0.01 level : 2-tailed) respectively.

TABLE 5.9 MEETINGS - MARKET TRENDS /DEVELOPMENTS

Respondent	Graduate (Q 7)		Programme Manager (Q 9)	
	n	%	n	%
Strongly Disagree	21	17.6	5	13.9
Disagree	22	18.5	7	19.4
Neutral	53	44.5	8	22.2
Agree	18	15.1	8	22.2
Strongly Agree	5	4.2	8	22.2
Total	119	100.0	36	100.0
Mean	2.70		3.19	
Mode	3		3*	
Std. Deviation	1.062		1.369	

- Multiple modes exist. The smallest value is shown.

5.6.2 Academic staff spend time discussing students future needs with other staff from other departments.

(Question repeated in the questionnaire for programme managers to include industry - see Annexure 2.

The majority of the graduates, 44.5% had a neutral response, whilst 20.2% and 18.5% disagreed and strongly disagreed with this statement respectively. The data on programme manager suggests that in respect of question 10, 38.9% agreed and 25.0% strongly agreed to the above statement respectively. The response to question 11 from programme managers revealed similar patterns, i.e. 44.4% "agreed" and 22.2% "strongly agreed". This pattern is also reflected in Table 5.10, where the graduates are undecided, whilst the programme managers' mean values are greater than 3.5, indicating agreement. The demand for accountability in technikons has never been higher than it is presently. Government has implemented mandatory programme reviews with the aim to discontinue programmes that are considered duplicative. The computed Pearson correlation coefficient between the construct "intelligence dissemination" and the above statement

showed a significant relationship for graduates (0.725), and (0.711 and 0.696) for programme managers for questions 10 and 11 respectively. These correlations were significant at the 0.01 level.

TABLE : 5.10 STAFF : STUDENTS/INDUSTRY FUTURE NEEDS

Respondents	Graduate (Q 8)		Programme Manager (Q 10)		Programme Manager (Q 11)	
	n	%	n	%	n	%
Strongly Disagree	22	18.5	1	2.8	1	2.8
Disagree	24	20.2	5	13.9	6	16.7
Neutral	53	44.5	7	19.4	5	13.9
Agree	12	10.1	14	38.9	16	44.4
Strongly Agree	8	6.7	9	25.0	8	22.2
Total	119	100.0	36	100.0	36	100.0
Mean	2.66		3.69		3.67	
Mode	3		4		4	
Std. Deviation	1.099		1.091		1.095	

5.6.3 When something important happens to a student or course, the whole department knows about it within a short period

The data suggests that 17.6% and 23.5% of the graduates disagree and strongly disagree with the statement respectively. The majority of the programme managers, i.e. 55.6%, strongly agree with the above statement. There is evidence of the disparity between the means in Table 5.11, indicating disagreement amongst graduates, but agreement amongst programme managers. Marketing plans need to be communicated sufficiently to key personnel, otherwise the principles of marketing will be applied in a haphazard, ad hoc, and in a piecemeal manner. This could invariably result in marketing efforts being fragmented, unco-ordinated and futile. In the pursuance of a marketing opportunity, the technician can control its level of risk, in the hope of becoming the

technikon provide fast, accurate and informative feedback to enquiries. The responses indicate that majority of the respondents were indifferent and not sensitive to the external environment. Given that market orientation provides enhanced knowledge of students' preferences and wants, and enables technikons to adapt better to these wants (see Section 4.6). A Pearson correlation value (0.631 at 0.01 level : 2-tailed) was calculated between question 10 and the construct "intelligence dissemination" for graduates. There was a significant correlation between question 13 and 14 with the construct "intelligence dissemination" for programme managers, computed values of (0.567 and 0.609 at 0.01 level : 2-tailed) respectively.

TABLE :5. 12 DATA ON STUDENT/INDUSTRY SATISFACTION

Respondent	Graduates		Programme		Programme	
	Q 10		Manager (Q 13)		Manager (Q 14)	
Opinion	n	%	n	%	n	%
Strongly Disagree	24	20.2	2	5.6	5	13.9
Disagree	24	20.2	4	11.1	6	16.7
Neutral	45	37.8	11	30.6	7	19.4
Agree	20	16.8	11	30.6	9	25.0
Strongly Agree	5	4.2	8	22.2	9	25.0
Total	118*	99.2	36	100.0	36	100.0
Mean	2.62		3.53		3.31	
Mode	3		3*		4*	
Std. Deviation	1.135		1.134		1.390	

- Note : Number of missing observations = 1 (0.8%)
- Multiple modes exist. The smallest value is shown

5.6.5 When one staff member finds out something important about a department in another higher educational institution, he/she is slow to alert other colleagues. (reversed coded item)

The majority of graduates, i.e. 50.4% were neutral, and only 7.6% strongly disagreed with this

statement. The results from the survey indicated that 25.0% of programme managers disagreed and 36.1% strongly disagreed with the above statement. There is uncertainty amongst graduates and disagreement amongst programme managers, as reflected by the means in Table 5.13. Unfortunately, it would appear that programme managers may have their own economic interests at heart. It is however, important for staff to identify with the technikon's objective in student service and satisfaction. Marketing involves the determination of consumer/ market needs, conversion of these needs into a product/ service on the market or to the consumer. Some higher educational institutions have become successful by identifying a previously unrecognised or unsatisfied consumer want. The correlation coefficient is statistically significant between question 11 and the construct "intelligence dissemination" (-0.273 at 0.01 level, 2-tailed) for graduates. Negative values of r (Pearson correlation) indicate an inverse relationship. Question 15 did not correlate significantly with the construct "intelligence dissemination" for programme managers.

TABLE 5.13 SLOW TO ALERT OTHER COLLEAGUES ABOUT DEPARTMENT

Respondent	Graduate (Q 11)		Programme Manager (Q 15)	
	n	%	n	%
Strongly Disagree	9	7.6	13	36.1
Disagree	19	16.0	9	25.0
Neutral	60	50.4	5	13.9
Agree	18	15.1	7	19.4
Strongly Agree	13	10.9	2	5.6
Total	119	100.0	36	100.0
Mean	2.94		3.67	
Mode	3		5	
Std. Deviation	1.028		1.309	

5.7 CONSTRUCT THREE : RESPONSE DESIGN

Response design is the subject of four and five questions to graduates and programme managers respectively. Responsiveness involves the whole institution, not just the marketing personnel. The first two elements have no value if the institution is not able to respond to market intelligence and the market needs. All departments must be sensitive to the needs of all the other departments in the institution. Responsiveness involves the planning of marketing programmes based on the needs of students, industry, as a result of the generated and disseminated information. In this study, for the construct “response design”, reliability for each of the four and five dimensions were moderate with a Cronbach-alpha value of 0.6757 for graduates and 0.6025 (0.7009 after removing question 16) for programme managers.

5.7.1 It takes the department forever to decide how to respond to fee changes by other higher educational institutions (*reversed coded item*)

As far as graduates are concerned, it emerges that 37.8% were neutral, whilst 22.7% agreed with the statement. The data on programme managers revealed that 50.0% were neutral, whilst 19.4% of them strongly agreed that the department takes forever to decide on fee changes. Price plays a crucial role in the decisions customers make on whether to use the service or not (see Section 4.3.5.2). The demand for more funding by students from the State and past campus unrest resulted in some technikons maintaining a low fee structure. It would appear that much emphasis is placed on cost and competition when services and goods are priced. This implies that pricing is not done as a strategic exercise. Pricing can be calculated more efficiently if the focus is on value-based pricing. The mean values, as reflected in Table 5.14 indicate uncertainty by both categories of respondents. Technikons are faced with budget constraints and government has contemplated far reaching changes in higher education funding arrangements (see Section 3.4). The correlation coefficient is statistically significant between the above statement and the construct “response design” for both graduates and programme managers (-0.575 and -0.621 at 0.01 level : 2-tailed respectively).

TABLE : 5.14 RESPONSE TO FEE CHANGES

Respondent	Graduate (Q 12)		Programme Manager (Q 16)	
	n	%	n	%
Strongly Disagree	11	9.2	5	13.9
Disagree	18	15.1	4	11.1
Neutral	45	37.8	18	50.0
Agree	27	22.7	2	5.6
Strongly Agree	18	15.1	7	19.4
Total	119	100.0	36	100.0
Mean	2.81		2.94	
Mode	3		3	
Std. Deviation	1.152		1.241	

5.7.2 For one reason or another the department tends to ignore changes in students' course or service needs: (reversed coded item)

The responses indicated that 33.6% of graduates were in agreement, while 30.3% were neutral with the above statement. The majority of programme managers disagreed with the above statement with 25.0% disagreeing and 52.8% strongly disagreeing. The mean values in Table 5.15 reflect uncertainty amongst graduates and agreement amongst programme managers. Students will not move from one institution to another every time they are dissatisfied with the service provided. Successful institutions have shown that customer service can rise while costs decrease. Notwithstanding this, the technikon should have a breaking point on what it does in this regard. New services (educational products) are important to a technikon, as new products to any business organisation (see Section 4.5.3.1). The correlation coefficient is statistically significant between the statement and the construct: response design for graduates (-0.482 at 0.01 level : 2-tailed). There was no significant correlation between this statement and the construct for

programme managers, indicating that this question does not contribute significantly to the construct.

TABLE : 5.15 CHANGES IN STUDENTS' COURSE AND SERVICE NEEDS

Respondent	Graduate (Q 13)		Programme Manager (Q 17)	
	n	%	n	%
Strongly Disagree	8	6.7	19	52.8
Disagree	13	10.9	9	25.0
Neutral	36	30.3	1	2.8
Agree	40	33.6	6	16.7
Strongly Agree	20	16.8	1	2.8
Total	117*	92.3	36	100.0
Mean	2.62		4.08	
Mode	2		5	
Std. Deviation	1.186		1.228	

• Note : Number of missing observations = 2 (1.7%)

5.7.3 The department periodically reviews the course development efforts to ensure that they are in line with what students want.

(Question repeated in the questionnaire for programme managers to include industry - see Annexure 2)

34.5% and 26.1% of the graduate responses were neutral and in agreement respectively with regard to department reviewing programmes.. It emerged that 30.6% of programme managers agreed and 44.4% strongly agreed to question 18. A similar pattern was observed for question 19, with 22.2% agreeing and a significant 63.9% strongly agreeing with the statement. The mean values in Table 5.16 reflect uncertainty amongst graduates and agreement amongst programme managers. Students will increasingly demand better quality courses and may patronise those technikons that are seen to provide the desired courses and quality standards. The Pearson correlation value (0.390 at 0.01 level : 2-tailed) was calculated between question 14 and the

construct “response design” for graduates. The correlation between question 18 and 19 with the construct “response design” for programme managers indicated a value of 0.486 at the 0.01 level of significance and 0.423 at 0.05 level of significance (2-tailed) respectively.

TABLE 5.16 REVIEW AND COURSE DEVELOPMENT EFFORTS

Respondent	Graduate (Q 14)		Programme Manager (Q 18)		Programme Manager (Q 19)	
	n	%	n	%	n	%
Strongly Disagree	12	10.1	1	2.8	-	-
Disagree	21	17.6	5	13.9	4	11.1
Neutral	41	34.5	3	8.3	1	2.8
Agree	31	26.1	11	30.6	8	22.2
Strongly Agree	14	11.8	16	44.4	23	63.9
Total	119	100.0	36	100.0	36	100.0
Mean	3.12		4.00		4.39	
Mode	3		5		5	
Std. Deviation	1.144		1.171		0.994	

5.7.4 Several heads of departments get together periodically to plan a response to changes taking place in higher education:(reversed coded item)

The results from the survey indicated that 16.8% and 10.9% of the graduates agreed and strongly agreed respectively with the above statement. On the other hand, programme managers agreed and strongly agreed, with the statement (19.4% and 22.2% respectively). The means reflected in Table 5.17 shows that both graduates and programme managers are uncertain about the above statement. Traditionally, marketers acquired customers through the use of mass advertising. In today’s business world, the “best” customers has changed from customer acquisition to customer retention. The technikon can apply this principle by retaining students for higher degrees, which

generate a greater government subsidy than first degrees. The current higher education system offers various of opportunities in the education market (see Section 3.5), and conditions confronting technicians have become more demanding on management. The correlation coefficient is statistically significant between the above statement and the construct “response design” for both graduates and programme managers (0.430 and 0.630 at 0.01 level : 2-tailed respectively).

TABLE :5.17 RESPONSES TO CHANGES IN HIGHER EDUCATION

Respondent	Graduate (Q 15)		Programme Manager (Q 20)	
	n	%	n	%
Strongly Disagree	6	5.0	5	13.9
Disagree	21	17.6	7	19.4
Neutral	59	49.6	9	25.0
Agree	20	16.8	7	19.4
Strongly Agree	13	10.9	8	22.2
Total	119	100.0	36	100.0
Mean	3.11		3.17	
Mode	3		3	
Std. Deviation	0.990		1.363	

5.8 CONSTRUCT FOUR : RESPONSE IMPLEMENTATION

Response implementation refers to the implementation of marketing programmes geared towards the student/industry, as a result of response design. Five questions dealing with response implementation were posed. This construct provides the final dimension for the measurement of market orientation. The implementation of the marketing concept would stall if the institution does not act on the intelligence that is generated and disseminated. In this study, the construct “response implementation” yielded a moderate reliability with a Cronbach-alpha value of 0.6757 for graduates and 0.6025 for programme managers.

5.8.1 If the department were to launch an intensive campaign targeted at the student market, they would implement a response immediately

The data indicates that 10.9% of the graduates agreed and 6.7% strongly agreed with the above statement. It also emerged that majority of the programme managers agreed and strongly agreed with the above statement (27.8% and 30.6% respectively). The mean values in Table 5.18 reflect uncertainty amongst graduates and agreement amongst programme managers. Campaigns usually cover a variety of non-recurrent, non-routine communication efforts, aimed at specific short term goals (see Section 4.5.3.4). When programme managers' general perception of marketing is somewhat narrow, it may be an impeding factor in the adoption of the marketing concept. This negates the practical implementation of a strategic approach to marketing in the technikon. The correlation coefficient is statistically significant between the above statement and the construct "response implementation" for both graduates (0.545 at 0.01 level of significance) and for programme managers (0.379 at 0.05 level of significance).

TABLE : 5.18 LAUNCHING AN INTENSIVE MARKET CAMPAIGN

Respondent	Graduate (Q 16)		Programme Manager (Q 21)	
	n	%	n	%
Strongly Disagree	14	11.8	1	2.8
Disagree	28	23.5	3	8.3
Neutral	55	46.2	11	30.6
Agree	13	10.9	10	27.8
Strongly Agree	8	6.7	11	30.6
Total	118*	99.2	36	100.0
Mean	2.75		3.75	
Mode	3		3*	
Std. Deviation	1.051		1.079	

* Note : Number of missing observations = 1 (0.8%)

• Multiple mode exists. The smallest value is shown.

5.8.2 The activities of the different academic staff members in the department are well co-ordinated*(reversed coded item)*

It emerged that 19.3% of the graduates agreed and 4.2% strongly agreed with the above statement. On the other hand, the majority of the programme managers 25.0% agreed and 55.6% strongly agreed with the statement that activities are well co-ordinated. This pattern is also reflected in Table 5.19, where graduates are undecided, while the programme managers' mean values were greater than 3.5, indicating agreement. The omission of marketing goals and objectives indicate the a lack of integrated, pervasive and co-ordinated approach to marketing by the institution. Activities at technikons include the recruiting of students, physical campus projects and re-orientation of programmes (see Section 4.5.2). Each academic staff in the department performs a specific task. Their activities, however, must be co-ordinated and integrated to achieve the common goal of satisfying students needs. The correlation coefficient is statistically significant between the statement and the construct "response implementation" for both graduates and programme managers (0.519 and 0.586 at 0.01 level : 2-tailed respectively).

TABLE :5.19 CO-ORDINATION OF ACTIVITIES

Respondent	Graduate (Q 17)		Programme Manager (Q 22)	
	n	%	n	%
Strongly Disagree	23	19.3	2	5.6
Disagree	20	16.8	1	2.8
Neutral	48	40.3	4	11.1
Agree	23	19.3	9	25.0
Strongly Agree	5	4.2	20	55.6
Total	119	100.0	36	100.0
Mean	2.72		4.22	
Mode	3		5	
Std. Deviation	1.112		1.124	

5.8.3 Student complaints fall on deaf ears in the department (*reversed coded item*)

30.3% of the graduates agreed and 25.2% strongly agreed with the above statement. 13.9% and 75.0% of programme managers responded by disagreeing and strongly disagreeing respectively to the above statement. The mean, as reflected in Table 5.20, reflected a pattern, where the graduates are uncertain, while programme managers were in disagreement with this statement. Increased costs, subsidy cuts and competition have resulted in technicians seeking alternate means to increase their productivity and responsiveness. In order to enhance long-term sustainability and viability of programmes, the technician should among others, create a long term relationship with its customers (see Section 2.12). It is imperative that both administrative staff and academic staff are be competent to provide world class service, striving for excellence in education. A Pearson correlation value of -0.388 at 0.01 level of significance (2-tailed) was calculated between this statement and construct “response implementation” for graduates. This statement had no significant correlation with the construct “response implementation” for programme managers, indicating that this did not contribute significantly to the construct.

TABLE :5.20 STUDENT COMPLAINTS

Respondent	Graduate (Q 18)		Programme Manager (Q 23)	
	n	%	n	%
Strongly Disagree	13	10.9	27	75.0
Disagree	10	8.4	5	13.9
Neutral	30	25.2	4	11.1
Agree	36	30.3	-	-
Strongly Agree	30	25.2	-	-
Total	119	100.0	36	100.0
Mean	2.50		4.64	
Mode	2		5	
Std. Deviation	1.261		0.683	

5.8.4 Even if the department came up with a great new course initiative, it probably would not be able to implement it in a timely fashion (reversed coded item)

The data suggests that 31.9% and 9.2% of the graduates agreed and strongly agreed respectively with the above statement. It was surprising that only 11.1% and 13.9% of the programme managers agreed and strongly agreed respectively with the above statement. There is evidence of uncertainty from both graduates and programme managers in response to this statement as reflected in Table 5.21. The programme development at technikons seems to be a combination of product-led and market-led. It was highlighted in Section 4.5.3.1 that it has been typical for technikons to rearticulate courses/programmes around programme managers' preferences rather than students needs. It emerged that there was an inverse relationship between this statement and the construct "response implementation" for graduates ($r = -0.344$ $p = 0.01$, 2-tailed. No significant correlation was found to exist between this statement and the construct "response implementation" for programme managers.

TABLE :5.21 IMPLEMENTATION OF NEW COURSE

Respondent	Graduate (Q 19)		Programme Manager (Q 24)	
	n	%	n	%
Strongly Disagree	8	6.7	11	30.6
Disagree	15	12.6	8	22.2
Neutral	47	39.5	8	22.2
Agree	38	31.9	4	11.1
Strongly Agree	11	9.2	5	13.9
Total	119	100.0	36	100.0
Mean	2.76		3.44	
Mode	3		5	
Std. Deviation	1.017		1.403	

5.8.5 When the department find that students would like to modify a course or service, the staff members concerned make concerted efforts to do so:

17.6% of the graduates agreed and 3.4% strongly agreed with the above statement. On the other hand an equal number, i.e. 22.2% of programme managers disagreed and strongly disagreed with this statement. The mean values in Table 5.22 are 2.81 for graduates and 3.44 for programme managers, reflecting uncertainty by both groups of respondents. It is not adequate to emphasise on curricula on good quality programmes while ignoring the needs of students. Every technician should endeavour to develop qualified, experienced, informed and customer-conscious employees (see Section 4.5.3.5). The correlation coefficient is statistically significant between the above statement and the construct “response implementation” for graduates and programme managers (0.492 and 0.561 at 0.01 level of significance [2 tailed] respectively).

TABLE :5.22 MODIFICATION OF COURSE

Respondent	Graduate (Q 20)		Programme Manager (Q 25)	
	n	%	n	%
Strongly Disagree	12	10.1	2	5.6
Disagree	28	23.5	4	11.1
Neutral	54	45.4	14	38.9
Agree	21	17.6	8	22.2
Strongly Agree	4	3.4	8	22.2
Total	119	100.0	36	100.0
Mean	2.81		3.44	
Mode	3		3	
Std. Deviation	0.959		1.132	

Independent t-tests were computed to determine whether significant differences between the mean for the sum of each market orientation construct, (intelligence generation, intelligence dissemination, response design and response implementation) existed between respondents

(graduates and programme managers). The mean values in the group statistics and comparison of the constructs are reflected in Table 5.23.

TABLE 5.23 T-TEST - SUM OF CONSTRUCTS

Group Statistic

GROUP	N	Mean	Std. Dev.
Intelligence Generation : Graduates	119	3.3824	.89480
: Programme Manager	36	3.9000	.70346
Intelligence Dissemination : Graduate	119	2.7529	.65650
: Programme Manager	36	3.4167	.62632
Response Design : Graduate	119	3.1996	.52640
: Programme Manager	36	3.3056	.51155
Response Implementation: Graduate	119	3.0050	.49022
: Programme Manager	36	3.0667	.41952

Independent Samples Test

	t-test for Equality of Means		
	t	df	p
Intelligence Generation Equal Variances assumed	-3.184	153	.002
Intelligence Dissemination Equal Variances assumed	-5.371	153	.000
Response Design Equal Variances assumed	-1.065	153	.288
Response Implementation Equal Variances assumed	-0.682	153	.496

From the above p-values, there is significant difference between the constructs “intelligence generation” and “intelligence dissemination”. The mean values in the group statistics table shows that programme managers had a higher mean value than students. As competition for students

has escalated among higher education institutions, student retention needs increased attention. Since service quality and student satisfaction are important factors in retention, it is important that programme managers of business studies degrees measure service quality and use the necessary tools for continual improvement.

5.9 CONCLUSION

The chapter commenced with a review of the research methodology applied in this empirical study. The results yielded by the empirical study enable an analysis and understanding of the factors impacting on the implementation of the marketing concept employed by programme managers of business studies degrees at technikons in KwaZulu-Natal. All data necessary for this research was collected and presented in the form of frequency tables and charts. The inter-relationship between some of the variables were analysed, and profiles of certain biographical data were established. These findings have been contextualised within the broader framework of this study.

Markor has been found to perform well in terms of coefficient alpha for the overall level of dimension for programme managers, and moderately for graduates.. The four sub-scales (intelligence generation, intelligence dissemination, response design and response implementation) measure four separate and distinct aspects of market orientation. It was found that they are moderately to positively correlated. It is also evident that constant feedback needs to be elicited from graduates on service performance levels in order for programme managers to enhance the overall quality of programmes. The appropriateness of a market orientation for technikons appears to be very relevant, but seems not to have received enough attention in the literature for non-profit, public higher educational institutions. The objectives of the empirical study have achieved the following findings:

- to determine the level of market orientation in the view of programme managers and graduates of business studies degrees at technikons in KwaZulu-Natal:

Tables 5.3 to 5.22 indicate the mean values for individual items are indicated on a scale from 1 to 5 to show responses. Values around 1 to 2.5 indicate that respondents generally disagree, values

around 3 (>2.5 , <3.5) indicate not certain, values >3.5 indicate agreement. The mean values tend to be around 3 since responses ranged from disagree to agree for items in same construct, for both categories of respondents, viz. programme managers and graduates. The perception of programme managers and graduates on levels of market orientation for business studies degrees are moderate.

- to identify relationships, if any, within the constructs of market orientation between programme managers and graduates of business studies degrees and between male and female respondents;

As reflected in Table 5.23, from the p-values, there was a significant difference between construct “intelligence generation” and construct “intelligence dissemination”. The mean values in the Group Statistics table shows that programme managers had a higher mean value than graduates. There was no difference in constructs between male and female for both programme managers and graduates ($p > 0.05$).

- to identify relationships, if any, between constructs of market orientation and demographic characteristics of respondents:

With respect to graduates there was a significant difference in “intelligence generation” between age groups ($p < 0.05$). The under 23 and over 30 seem to be indifferent or generally answered neutral (see Section 5.3.4). Significant difference in “response implementation” between age groups ($p < 0.05$). There was no difference in the constructs between married, unmarried, etc ($p > 0.05$).

With respect to programme managers there was no difference in the constructs between years of service ($p > 0.05$), see section 5.3.1. Response implementation is different for education levels (see section 5.3.2). Generally there is uncertainty among programme managers with a MBA/MBL and Masters degrees/M Tech degree - range from disagree to uncertain.

- to gauge the overall quality of services provided by technicians, based on the perceptions

of the graduates and programme managers;

There are discrepancies between programme managers and graduates expectations of service quality (see section 5.3.8). As reflected Table 5.1 and Table 5.2, the p-value is less than 0.05 indicating significant difference in overall quality between programme managers and graduates. For example, 45.4% of the graduates indicated neutral as compared to 13.9% of the programme managers.

The next chapter, the final chapter, highlights the significant findings of the study and make recommendations. The chapter will also include possible future related research studies in this important area at Teknikons.

CHAPTER SIX

REVIEW, CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

In the previous chapter the results of the empirical research was discussed on the basis of the four constructs that emanated from the main questions of this research. This study evaluated the applicability of general marketing theory to the unique circumstances of technikons. More specifically, the study focused on the applicability of market orientation to selected degree programmes within technikons in KwaZulu-Natal. The study also provided a practical discussion on the application of marketing principles to higher education. The research endeavours to evoke an awareness among management to apply market orientation principles in their business studies degree programmes..

This chapter includes the salient aspects contained in the preceding chapters and provides a summary of significant findings of the empirical study. Based upon conclusions drawn from the study, this chapter includes recommendations for the implementation of effective market orientation for business studies programme at technikons in KwaZulu-Natal; and finally, some proposals for further research are presented.

6.2 SUMMARY OF THEORETICAL ORIENTATION

A preliminary survey of marketing literature highlighted several factors which were instrumental in directing this study. The past few years has seen the evolution of government policies and structural changes in the provision of higher education in South Africa. The changes in the landscape of higher education in South Africa require management to be responsible and accountable in the operation of technikons.

The objective of chapter two was to evaluate, from the literature, the developments in market orientation theory and practice. It became clear that technikons can learn from the private sector

about improving their services by using market orientation principles and concepts. Based on the current marketing literature, it was argued that market orientation can be applicable to higher educational institutions. From the literature it can be surmised that market orientation is the degree to which educational institutions generate, communicate and act on information about their clients' (students and industry) needs and preferences and the factors that influence them. A market orientated institution gathers information about its customers, competitors and markets.

The degree of market orientation is influenced by competition, managerial values and goals, and an institutions' resources and these factors would invariably impact negatively in the institutions, resulting in not attaining desired or ideal levels of market orientation. Market orientation should be a visible hand that guides the behaviour of individuals within technikons in executing their functions. Management behaviour is an important factor in instigating and installing improved market orientation. Market orientation is important to technikons as well as other higher educational institutions, in view of the increased global competition and changes in student needs, hence a need to stay closer to their markets.

The parameters of change in higher education institutions seem to focus on efficiency, cost cutting and centralisation. The review of literature on market orientation support the view that service institutions, in this instance, higher education institutions, need an organisation-wide commitment to be market oriented in order to successfully implement the marketing concept.

The objective of chapter three was to describe, from the literature, the nature, types and other relevant issues pertaining to higher education institutions in South Africa, with particular reference to technikons in KwaZulu-Natal. This chapter examined the landscape of higher education in South Africa with particular reference to technikons in KwaZulu-Natal. Technikons have responded to the challenge of supplying career-focused high level human resources for South Africa. The transition from pure diploma-awarding institutions to diploma and degree-awarding was accomplished with the passing of the Technikons Act (Act No. 125, 1993). The National Plan for Higher Education, published in March 2001, has been hailed as a landmark in the history of education in South Africa, in the transformation of higher education.

The Higher Education Act, 1997 enables private tertiary institutions to register as private technikons and universities. It is evident that government seeks to encourage and promote private sector involvement. The higher education plan may inevitably lead to a two-tier education system (as in health care) of quality private provision and quantitative state provision. The statistics has shown that some success has been achieved towards the goals of equity and social redress through developments in higher education in South Africa.

The National Qualifications Framework (NQF) is intended to ensure that qualifications will promote an integrated approach to education and training. SAQA will register each standard and qualification, identified by a unique description, which satisfies the requirements of the NQF. The NQF provides the means to enable each person who enters the learning arena to achieve nationally recognised and internationally comparable qualifications. Against the backdrop of a transforming higher education system and the pressure to obtain maximum benefit within financial constraints, market orientation within technikons would add value to management decisions.

The objective of chapter four was to establish, from the literature, the influence of the marketing environment on technikons in KwaZulu-Natal. The relevance of the marketing environment, viz. the macro-environment, market environment and micro-environment, to technikons was examined in this chapter. The six variables in the macro-environment were identified and discussed from the perspective of technikons in KwaZulu-Natal. It was noted that an institution operates within a wider macro-environment, wherein variables directly and indirectly influence the organisation and its market environment. Technikons need to acknowledge and adapt to macro-environmental trends, since they are not buffered from changing circumstances.

The technikon also functions within a particular market environment, that is, the second sub-environment which is outside the control of the institution. The key variables in the market environment are consumers, competitors and suppliers of resources and services. Technikons must concentrate on satisfying the consumer's needs while operating under business principles. Competitors are an inherent part of a capitalistic society and technikons have to become accustomed to the fact that various competitors compete for a share of the market. Many private higher education institutions offer similar courses to the target market of technikons. The

technikon does not operate in isolation and therefore needs inputs from the suppliers on a regular basis.

The micro-environment of an institution refers to all the activities within the control of management of the technikon and include the institution's vision and mission, objectives and management capabilities. The macro-environment and market environment, as part of the marketing environment of technikons impact on the micro-environment. Technikons need to provide quality learning, and must be responsive to the influences of the marketing environment. The variables of the micro-environment are within the control of technikon management.

The research findings and discussion of results were presented in chapter five. The data for this study has been obtained by the analysis of the responses to questionnaires that were administered among graduates and programme managers of business studies degrees at technikons in KwaZulu-Natal. A census was conducted amongst programme managers, whilst a stratified random sample was administered amongst graduates. The results were processed and analysed using SPSS and presented under the four constructs, viz. intelligence generation, intelligence dissemination, response design and response implementation of market orientation. The profile of respondents, viz. programme managers or graduates of business studies degrees were correlated with certain findings. Significant findings were presented in graphic or tabular form under respective sections, in order to facilitate analysis and interpretation. It was found that the constructs are moderately to positively correlated and the appropriateness of a market orientation for technikons appears to be very relevant.

6.3 EMPIRICAL STUDY

The research findings are presented in accordance with the main questions of the study. The narrative is presented under the constructs of the previous chapter. This study has demonstrated that it is possible to obtain feedback from past students. Graduates have shown willingness to provide information, which may be utilised for the development of curricula and programmes. The reliability and validity of questionnaire as a measuring instrument to determine market orientation and the dimensions thereof, were determined with the aid of coefficient alpha. In this study,

reliability coefficients for the total scale for overall market orientation yielded 0.7795 for graduates and 0.8601 for programme managers respectively. This was achieved after removing items with low item-to-total correlations in the questionnaire for graduates. The reliability of the questionnaire is high and therefore can be validated as a reliable measuring instrument of market orientation for the purpose of this study.

6.3.1 Demographic characteristics of respondents

Programme managers appear to have adequate experience in terms of the number of years they managed relevant business studies programme. There was no difference between the constructs and years of service ($p > 0.5$). Only 5.6% of programme managers had a PhD /D Tech degree and 27.8% of programme managers have a matric plus four (M+4) vertical qualification. It is clear that education levels of programme managers played a significant part in the implementation of the marketing concept. A “*F*” value of 2.840 for the construct “response implementation” was computed, implying significant differences between education levels and response implementation. Mechanisms to plan and motivate internal resources to achieve customers satisfaction can be developed based on intelligence collected on the internal environment as well as the external environment. A t-test revealed no significant difference in the constructs between males and females for both graduates and programme managers ($p > 0.05$). There was significant difference between the construct “intelligence generation” and age group of graduates ($p < 0.05$). The under 23 and over 30 age groups seem to be indifferent or generally answered neutral. Similar differences existed for the construct “intelligence dissemination” and “response design”.

Apart from the descriptive statistics used to highlight the sample profile, the questionnaire included a question on the overall evaluation of services at the technikon. The analysis reflected divergent responses from both programme managers and graduates. A Pearson correlation (*r*-value) between overall quality and service at technikon and construct “intelligence generation” yielded a value of 0.421 at 0.01 level of significance. It was concluded that if graduates generally agree about intelligence generation and intelligence dissemination, they would have generally agreed about overall quality. Through informal inquiries, perusal of the technikons publications, observations and personal experience it was evident that the three technikons were moving at

different paces towards a student-centred approach. If technicians attempt to move to a market orientated culture it was necessary for academic staff to adopt a caring attitude and interactive approach towards their students. The Chi-Square test revealed a significant difference in overall quality between graduates and programme managers. The p-value was less than 0.05 indicating significant difference in perceptions of overall quality between groups.

6.3.2 Construct : Intelligence generation

Marketing intelligence is the starting point of a market orientation. The programme managers should encourage student comments and complaints, regular evaluation of ways to create superior service value and the regular measurement of customer satisfaction levels. It includes all the informal means for generating information about students, industry, competitors, government and donor needs and preferences. The average score for each construct, with regard to both categories of respondents, were calculated with the help of linear transformation. The simplified factor scores were standardised using a five point scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

GRADUATES

The mean for the construct “intelligence generation” was 3.3824 with a standard deviation 0.89480. Reliability for the six dimensions was moderate with a Cronbach alpha value of 0.5928, and with the removal of question 3, rose to 0.6664. The moderate mean indicates that graduates regard “intelligence generation” as an important component of market orientation. Specific issues such as meeting with students and engaging in in-house research are important for the technicians. This is further supported by the findings that as much as 58% of the respondents strongly disagreed with the statement that the department meets with students at least once a year to find out what courses or services will be required in the future. Most respondents (26.9% and 39.5%) disagreed and strongly disagreed respectively with statement that the department engages in a lot of in-house market research. There was no significant difference in the construct between male and female respondents ($p > 0.05$). There was no significant correlation between department meeting students at least once year and the construct “intelligence generation”, indicating that this

question does not contribute significantly to the construct. The correlation coefficient was statistically significant for the other five questions and the construct.

PROGRAMME MANAGERS

The overall scores for the constructs are on a 1 to 5 scale. The responses varied between 2.00 (minimum) and 5.00 (maximum) on the construct “intelligence generation”. Reliability for the eight dimensions was “good” with Cronbach alpha value of 0.7415. The mean for the construct was 3.9000 with a standard deviation of 0.70346. The positive mean indicates that programme managers agreed to the items in intelligence generation as a major component of market orientation. Specific issue of addressing changes in students’s course preference is critical. This is supported by the findings that 33.3% of the respondents were undecided about detecting changes in student’s course preference. There was no significant correlation between the construct “intelligence generation” and the statement that the department meets with industry at least once a year to find out what courses or services they will need in the future. There was also no correlation between the construct “intelligence generation” and the statement that the department periodically reviews the likely effect of changes in the higher education environment (eg., regulation) on students, implying that these questions can be omitted. The correlation coefficient was statistically significant between the other six questions and the construct.

6.3.3 Construct : Intelligence dissemination

The participation of all departments is necessary in responding to market needs. It requires the flow of formal and informal shared information about the market environment. The increased competition for students is taking place amongst higher education institutions. The government has tied enrolment statistics with funding. This resulted in management of higher educational institutions induced to become competitive for students. The technikon must adapt to market needs by communicating and disseminating marketing information among the functional areas. One could expect institutions with better co-ordination between departments to also have better internal communication systems. Programme managers need to monitor competitive activity regularly, and to collect and use market information on competitors to develop marketing plans.

GRADUATES

The mean for the construct “intelligence dissemination” was 2.7529 with a standard deviation 0.65650. Reliability for five dimensions was moderate with a Cronbach alpha value of 0.5347 and with the removal of question 11, it rose to 0.6099. The mean suggests that graduates are uncertain about the contribution of this construct towards market orientation. There is further evidence to support this. The majority of respondents indicated values around 3 (>2.5, <3.5) indicating that they were not certain. The correlation coefficient is statistically significant between the construct “intelligence dissemination” and the questions within the construct.

PROGRAMME MANAGERS

The responses varied between 2.14 (minimum) and 4.57 (maximum) for the construct “intelligence dissemination”. Reliability for the seven dimensions was moderate with Cronbach alpha of 0.6471. The mean for the construct was 3.4167 with a standard deviation of 0.62632. The mean (around 3.5) indicate that programme managers saw this construct as an important component of market orientation. The statement, “when one staff member finds out something important about a department in another higher educational institution, he/she is slow to alert colleagues” did not correlate significantly with the construct “intelligence dissemination”. There was a significant correlation between the other statements and the construct “intelligence dissemination”.

6.3.4 Construct : Response design

Responsiveness involves the whole technikon, not just the marketing personnel. The collected intelligence about competitors and students must be disseminated to all relevant personnel within the institution for interpretation. The responses of all individuals and functions of the institution need to be co-ordinated and an institutional plan or response to the market needs to designed and implemented. The first two constructs have no value if the institution is not able to respond to market intelligence and the market needs. Response design is only one of the aspects relating to a successful response to the market. Responsiveness involves the planning of marketing programmes based on the needs of students, industry, as a result of the generated and

disseminated information. Institutions need to respond rapidly to competitor price changes and regularly monitor students' product/ service needs.

GRADUATES

The mean for the construct "response design" was 3.1996 with standard deviation of 0.52640. Reliability for the four dimensions was moderate with a Cronbach alpha value of 0.6757. The mean suggests that respondents show some importance to all dimensions of the construct, as supported by responses to the individual questions within the construct. There was no difference in the construct between male and female respondents ($p > 0.05$). The correlation coefficient is statistically significant between all questions and the construct "response design" at the 0.01 level, 2-tailed.

PROGRAMME MANAGERS

The responses varied between 2.00 (minimum) and 4.20 (maximum) for the construct "response design". Reliability for the five dimensions was moderate with Cronbach alpha of 0.6025. The mean for the construct was 3.3056 with a standard deviation of 0.51155. The mean (around 3.5) suggests that some importance was placed by programme managers for the construct "response design" as a component of market orientation. There was no significant difference between male and female respondents ($p > 0.05$). There was no significant correlation between statement, "for one reason or another we tend to ignore changes in our students' course or service needs" and the construct. The correlation coefficient is statistically significant between the other questions and the construct "response design".

6.3.5 Construct : Response implementation

Response implementation involves the application of marketing programmes geared towards the student/ industry, as a result of response design. Response implementation is directly dependent on the responsiveness, motivation and behaviour of employees, especially at technikons, which are service organisations. It was reported in chapter five that the implementation of the

marketing concept would stall if the institution does not act on the intelligence that is generated and disseminated. Market orientation focuses on the development of responses to the external market of students and competitors, a more holistic approach would develop responses to the internal environment as well as the the external market.

GRADUATES

The mean for the construct “intelligence generation” was 3.0050 with a standard deviation of 0.49022. Reliability for the five dimensions are moderate with a Cronbach alpha coefficient of 0.6757. The means suggests that respondents were neutral or both agree /disagree to items of the construct. This is further supported by the findings that majority of the respondents were uncertain about their responses to the questions in this construct. The correlation coefficient is statistically significant between the questions and the construct “response implementation” at the 0.01 level, of significance (2-tailed).

PROGRAMME MANAGERS

The responses varied between 2.20 (minimum) and 3.80 (maximum) for the construct “response implementation”. Reliability for the five dimensions was moderate with a Cronbach alpha value of 0.6292. The mean for the construct was 3.0667 with a standard deviation of 0.41952. The scores for the construct indicated that respondents were neutral or both agreed/ disagreed to items of the construct. Programme managers in the technikon context should be regarded as “marketers” because they actually perform and deliver services to students. There was no significant correlation between the statement, “student complaints fall on deaf ears in this department” and the construct “response implementation”. There was also no significant correlation between the statement, “even if we came up with a great new course initiative, we probably would not be able to implement it in a timely fashion”, implying that these questions can be omitted. The correlation coefficient is statistically significant for the other three questions and the construct.

6.4 FINDINGS FROM LITERATURE AND EMPIRICAL STUDY

In conclusion, the following comments may be made. Firstly, the results of the study indicate that the application of the marketing concept has been moderate and there is a somewhat narrow perception of market orientation. The successful implementation of the marketing concept can produce tangible customer and institutional benefits. Attention to the four dimensions of market orientation outlined in previous sections should assist the programme managers in improving departmental performance. Though the department/programmes are not totally market oriented, they do display some degree of market orientation. While market orientation has been acknowledged by the respondents, it is still in its infancy stage. It seems that marketing at the technikons, for the business studies programme fulfills more a sales and promotional function. The technikon's business studies programmes are currently well subscribed and no possible enrolment crisis exists at present, and therefore it seems that programme managers see no reason to engage in serious marketing activities. There are specific aspects relating to market orientation that need attention. These aspects will be included in the recommendations of this study.

The very limited use of marketing plans points to a lack of integration of market orientation throughout the technikon, as well as the lack of a strategic marketing focus. It seems that some of the programme managers at technikons feel uncomfortable with an increasing market orientation, regarding marketing as too close to commercialism, and expect students to compete for selection rather than technikons actively market themselves to suitable students. Marketing planning is the mechanism through which institutions implement a market orientation, and the activities implemented by market-oriented institutions are closely related to planning. Planning undertaken pro-actively would uncover new opportunities in the market. It can be inferred from the findings that a holistic understanding of market orientation has not permeated the programme and institution.

The programme manager should be aware that government funding, together with the institutional mission should be considered parts of the planning process. Through the use of thoughtful institutional design, a programme manager can enhance the successful implementation of a market orientation. This also requires that technikon management displays a true

commitment to being customer (student) driven. When decisions are viewed as being part of an institutional operations, programme managers within the technikon are more likely to adopt and the potential resistance to change is minimal. Equally important is that communication within the technikon must be open, for the development of a market orientation.

There was an indication of a moderate directly proportional relationship between overall quality and construct the “intelligence generation”. If respondents (graduates) generally agree about intelligence generation, they would have generally agreed about overall quality. According to the literature, strong theoretical and empirical evidence exists between market orientation and service quality. However, this relationship needs to be investigated further. The mean values indicated that programme managers had a higher mean value than graduates. There was a significant difference in overall quality between the groups, viz. programme managers and graduates. Although service quality is difficult to define and measure, discerning consumers are nevertheless able to distinguish between obvious differences in quality. Any long-term relationship is dependent on whether programme managers and graduates continue to keep their promise. Graduates will continue to patronise a technikon only if service levels match or exceed their expectations. From the results it can be concluded that, in order to achieve superior levels of customer satisfaction and service quality, programme managers will need to pay attention to conditions that enable all personnel to do a good job in delivering quality services to students. Although the framework of this study was modified to accommodate the characteristics of technikons, the findings are much broader in their applicability.

With current government policies on higher education, the market orientation of business studies degrees should be receiving more attention. Business studies degrees are an inherent part of a technikon’s offering, where the character, quality, commitment and reputation are all included. These degree programmes must be true to the institution’s mission and strengths, thereby maintaining their reputation. Programme managers should not lose sight of their professional values, but in today’s changing educational environment a new balance must be reached between commercialism and professionalism, with the adoption of market orientation. Business studies programmes should be developed with student interest in mind and marketed accordingly. Market orientation as an ethos, a concept, a set of techniques or as a common language should be

rigorously adopted by the technikons.

6.5 ACHIEVEMENT OF RESEARCH OBJECTIVES

In the first chapter, section 1.5.2 specific objectives for this study were identified. The relevant information was analysed through a literature study in chapters two, three and four. In chapter five the findings of the empirical study were reported. This section explains how the objectives of this study were achieved.

The first objective was to present a comprehensive framework for market orientation theory and practice. A description of contemporary conceptualisations of market orientation and the implementation of market orientation was included. The criteria for measuring market orientation and the antecedents and consequences of market orientation were analysed. Relationship marketing and the application of the marketing concept to non-profit, higher education institutions were also included. This extensive literature study was sufficient to achieve the first objective.

The second objective was to provide an overview of the higher education landscape in South Africa, with particular reference to technikons in KwaZulu-Natal. This chapter examined the development and the role of degrees in technikons in South Africa. The development and structure of technikons was examined, highlighting business studies degrees. This chapter analysed the marketing principles applicable to service industries with an emphasis on the educational sector. This literature was sufficient to meet the second objective.

The third objective was to examine the influence of the marketing environment on technikons in KwaZulu-Natal. In this chapter the three elements of the marketing environment, namely the macro-environment, market environment and micro-environment were examined. The six variables of the macro-environment and their influence on the technikons were analysed. The key variables in the market environment, namely, consumers, competition and suppliers were examined in the context of technikons. The chapter then examined the elements of the micro-environment of the technikon, namely, the mission statement, strategic marketing planning, the marketing mix at technikons, as well as service quality. The extensive literature of the aspects relevant to

technikons was sufficient to meet this objective.

The fourth objective was to design an appropriate instrument to ascertain the perceptions of programme managers and graduates with regard to the applicability of market orientation of business studies degrees at technikons in KwaZulu-Natal, and to report on the findings of the empirical study. The findings are adequately reflected in chapter five. A summary of the empirical study has been presented in accordance with the main questions of the study in section 6.3. The comprehensive analysis of the research findings of the empirical study presented in chapter five is sufficient to conclude that the application of the marketing concept has been moderate and there is a somewhat narrow perception of market orientation. There are specific aspects relating to market orientation of business studies degrees that need attention, which is the subject of discussion within the recommendations made in this study.

6.6 RECOMMENDATIONS

It is the purpose of this section to present a proposal to address various concerns and issues for effective application of marketing concept. They are based on the deliberations contained in the findings of this study and literature review.

- Reformulation of the mission statement. The mission statement of the technikon degree programmes should be reformulated to reflect a clearly articulated commitment to the principles of market orientation.
- Establishing a market oriented culture at the technikon. A market-orientated paradigm should pervade the entire technikon, which would recognise marketing planning as part of strategic planning.
- Commitment and communication from top-management to support marketing. The support of top-management of marketing is imperative. The support of those making strategic decisions is essential in gaining the necessary commitment and co-operation of key officials in implementing market orientation at the technikons. Marketing plans must

be suitably communicated to all staff at all levels, within the technikon.

- The limited marketing skills of programme managers negatively impact on the execution of the marketing functions. It is therefore recommended that programme managers, as well personnel, undergo training, to broaden their knowledge of marketing. This will reinforce their understanding of the marketing concept and create a market orientated culture.
- It is recommended that the technikon make a pro-active attempt to organise regular marketing workshops and seminars for programme managers. Programme managers need to understand and apply marketing principles, focusing on the students needs and keeping abreast with the latest trends in the field of non-profit service marketing, and especially higher education.
- There is a need to emphasise the importance of customer orientation and service quality to all personnel within the institution. Technikons need to adopt a total-service concept. This concept implies a comprehensive approach to student services ranging from the point of initial contact to admission, and to instructional related services as well as non-instructional related services. Student need to be viewed as “customers” and not “students”.
- Technikons need to increase their planning capacity, be more efficient in resource deployment, and become more proactive in anticipating changes and developing the capacity to respond appropriately. To this end, the marketing concept is an appropriate point of departure.
- Feedback from graduates (students) on service quality levels should be elicited on a regular basis. Standards need to be set against which actual performance can be evaluated. This is important to ensure that technikons are customer focused.
- Programme managers should endeavour to build relationships with graduates, not to lose

them to other higher education institutions. Creating customer loyalty with existing students is one of the primary goals of relationship marketing.

The consideration, development and adoption of these recommendations will provide programme managers the avenue for the effective management of their programmes.

6.7 RESTRICTIONS OF THE STUDY

Although this study has provided relevant and interesting insights in to the understanding of the applicability of market orientation to business studies degrees, it is important to recognise the limitations associated with this study:

- The data in this study were obtained from programme managers and graduates of selected degree programmes within technikons in KwaZulu-Natal. It would be useful to obtain a broader and wider sampling frame. The response rate of 29,75% for graduates may be also be considered a limitation.
- The findings cannot be generalised to all programmes and all higher education institutions in South Africa, as only business studies degrees at technikons in KwaZulu-Natal was scrutinised.
- All the data were gathered through mail surveys. It is possible that such data are different from what could be gathered if the actual behaviours and activities involved in each technikon's implementation of the marketing concept were observed. However, to gather the needed information via observational techniques would have taken years and therefore was not practical for the purpose of this research.
- Further, the study was focused only on the Baccalaureus Technologiae (B Tech) degree programmes at technikons. Thus, the market orientation employed for other programme categories, viz. diplomas, masters and doctorate degrees was not included in this study.

- This study was conducted during a period when technikons were faced with major changes in higher education landscape. Respondents may have been extra cautious in responding to some of the questions.

6.8 POSSIBLE FURTHER RESEARCH

During the course of this study, many questions concerning the development and status of market orientation, particularly regarding technikons, that should be further investigated have arisen. It is recommended that future research should examine the following issues in greater depth:

- The study concentrated on selected degree programmes at technikons in KwaZulu- Natal. Future studies could examine other technikons and other programmes, with a view to a comparative analysis and provide benchmarking data more effectively. A study could be conducted for the whole of South Africa, and be compared with the private sector and other higher education institutions.
- The study was confined to the programme managers and graduates. These are not the only personnel involved. Given indications that there may be differences in perceived levels of market orientation amongst various groups, research needs to be conducted concerning the other academic staff, front-line staff and top management. This would provide institutions with the ability to benchmark themselves against their own past performance, against other similar academic departments/ programmes and against departments/ programmes in each category.

6.9 CONTRIBUTION OF THIS STUDY TO NEW KNOWLEDGE

Overall, this study has attempted to garner views of programme managers and graduates on the applicability of market orientation of selected degrees within technikons in KwaZulu-Natal. The results of study showed a moderate level of agreement with those fundamental principles of market orientation which have been identified in the academic literature. The principles of market orientation are as applicable to technikons as they are to the business sector.

This research claims to have made a theoretical and practical contribution to the higher education sector, particularly technikons. Arising out of the theoretical analysis, as well as the empirical investigation were several findings and recommendations. As there is a dearth of information on marketing principles and practice at technikons, this study provided a practical application of marketing principles in higher education. Moreover, it is envisaged that the study has evoked an awareness among management on the possibilities and advantages of applying marketing concept and marketing principles in their departments/ institutions.

In this research, emphasis was placed on obtaining a better understanding of the issues involved in market orientation and the relationships between these issues. This research could serve as a basis for making better informed judgements on the appropriateness of market orientation approach for the development of new programmes. It is hoped that this thesis provides a positive step for technikons in their quest to improve the delivery of educational services so that the needs and wants of the target market are best met.

No studies were conducted in South Africa that utilised graduate opinions as the basis for determining whether or not a market orientation is displayed by a technikon. The results of this study contributes to the body of knowledge that may assist these higher education institutions to better serve the needs of various market segments. The study points to the conclusion that moderate market orientation principles and practice are applied to the business studies degree programmes.

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