



# Role of Marketing Orientation and Marketing Assets in Improving Sustainable Business Performance of Private Colleges in Maluku

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**Abstract.** This research is conducted specifically on private universities in the province of Maluku, to encourage an increase in the interest of new students entering the next academic year period. From the observations, there is a significant decrease in student interest in entering private universities in Maluku. This research is a quantitative research with the objective of testing the influence of the independent variable which is symbolized by X and consists of X1 of marketing orientation and X2 of marketing assets towards the dependent variable which is symbolized by Y, namely business sustainability. The test results show that the marketing orientation variable has an influence of 4.711 on business sustainability and marketing assets has an influence of 5.241 on business sustainability. The samples collected are 100 respondents from various private universities, colleges, academics and polytechnics in Maluku. Thus, if universities, especially private universities in Maluku, want to maintain their business sustainability, things that need to be considered are determining marketing orientation and utilizing marketing assets in their respective institutions.

**Keywords:** Marketing Orientation · Marketing Assets · Business Sustainability

## 1 Introduction

Changes in regulations issued by the government, especially in the field of higher education, require universities to be able to make adjustments quickly if they want to continue to exist in the education service business. Currently, there are many good higher education institutions, from universities to polytechnics. Competition is becoming more open and tight, because of the same market. As with a company, universities are also required to have a good and accurate marketing strategy in dealing with competitors. Many private universities have academic achievements and are able to position themselves on a par with public universities such as Telkom University, Bina Nusantara University, Muhammadiyah University of Jogjakarta, Mercu Buana University, Atma Jaya University, Guna Dharma University, and the Indonesian Islamic University.

Maluku, as a province in eastern Indonesia, also has many private universities (PTS). Data obtained through the official website of LLDIKTI Region XII shows that there are 44 private universities in Maluku and Maluku Utara, consisting of 9 Universities, 26 Colleges, 6 Academies, and 3 Polytechnics. This is a sign that competition in the field of higher education services in Maluku is increasingly open to any institution with a wide selection of products (study programs) on offer. The implication is that private universities in Maluku will find various challenges in formulating and implementing their business programs effectively and rationally, because consumers (prospective students) will determine for themselves the choice of products they desire, or even when their choices are outside of what the private universities have to offer.

This condition is also experienced by the Indonesian Christian University in the Mollucas (UKIM). Within the situation of recovering from the COVID-19 pandemic, UKIM, as one of the private universities in Maluku, experienced a drastic decline in the interest of prospective new students compared to the previous years. Based on the data obtained from the Academic Bureau of UKIM, in 2022, there are declines in several study programs, including the favourite study programs, by 15–20%. Following data in Table 1 explains the number of new student admissions in UKIM from 2018–2022.

This significant decrease is also experienced by all public (PTN) and private (PTS) universities in Maluku. Apart from changes in the marketing environment, this is also the impact of the shifting market orientation from universities and consumers themselves. For this reason, it is necessary to formulate the right strategy to increase the number of new students in the following years as a form of effort to maintain the sustainability of the university business. Based on this, UKIM must be able to develop various marketing activities so that the desired goals and objectives can be achieved properly. According to Agarwal A 2003 in the marketing concept: to achieve organizational goals such as market share and profitability depends on the company’s ability to determine efficiently than its competitors [1]. From the observations, the UKIM rarely advertise the new student admissions in high schools. Advertisement is only produced generally and without a well-defined target orientation. UKIM also does not take advantage of available assets as the main capital in attracting new students.

**Table 1.** Data of New Student Admissions in UKIM at 2018–2022.

Name	2018	2019	2020	2021	2022
Faculty of Economy and Business	304	300	351	217	154
Faculty of Philosophy	311	275	207	180	75
Faculty of Health	609	690	665	354	229
Faculty of Civil Engineering	102	100	134	79	45
Faculty of Social and Politic	98	70	65	34	25
Faculty of Law	-	-	-	190	212
Faculty of Computer Science	-	-	-	215	197

Source: Academic Bureau of UKIM, 2022

In addition, there are also several other obstacles, such as: the available study programs are still accredited to a maximum of B, the cost of education is still too expensive and continues to increase every semester, there is no other source of fixed income besides student tuition. If this is allowed to continue, the UKIM will experience market disorientation so that it is unable to communicate about the education products, such as different new study programs, reliable human resources, use of technology, and a clear orientation of graduates, in order to maintain business sustainability. In recent years, market orientation has increased and is seen as a key element to achieve maximum company performance [2]. According to Day, (1994) market-oriented companies are considered to have more complex knowledge about the market and have better abilities in dealing with customers. This ability is seen as an ability that can guarantee companies to obtain higher profits compared to companies that are less market-oriented. Kotler and Fox, (1995) explain that to overcome competition, universities can use marketing assets to form competitive advantages and maintain business sustainability [3]. The marketing assets include: quality of education programs, differentiation of educational programs, costs or prices, reputation of institutions, and qualified human resources. Based on the explanation above, the scope of this research is limited to the discussion on ways to determine the correct market orientation, to utilize marketing assets correctly, to improve the marketing performance of a sustainable business at UKIM.

## 2 Theory and Hypothetic Development

### 2.1 Market Orientation

Market orientation is a term that is often used by practitioners in marketing as an implementation of the marketing concept. Kara, (2005) explains that for more than four decades, market-oriented corporate strategy is perceived by academics and practitioners as the main pillar to achieve superior company performance, both in manufacturing companies and in service companies [4]. The similar opinion is conveyed by Kohli and Jaworski, (1990) that researchers in the field of marketing states that market orientation is a set of unique activities and behaviors [5].

Hunt and Morgan (1995) views that market orientation is a resource as well as a basis for decision making [6]. Furthermore, Shapiro (1998) states that market orientation is an organizational culture [7], which is in accordance with the opinion expressed by Slater and Narver (1995) that market orientation is an aspect of organizational culture that cannot be separated from organizational learning. Researchers in the field of marketing also view market orientation from various perspectives, namely the strategic perspective (Day, 1994), the organizational design perspective (Webster, 1992), the market information process perspective (Deshpande and Zaltman, 1982; Menon and Varadarajan, 1992; Moorman, 1995), product and service customization perspective (Pine, Victor, and Boyton, 1993), network perspective (Haeckel, 1995).

The competitive advantage of higher education can be established in many ways. Kotler and Fox (1995: 173) stated that, in a competition, a university can use marketing assets to build competitive advantage. These marketing assets can be observed through the following aspects: 1) Quality of educational programs, namely that competitive advantage can be created by prioritizing the quality of the educational programs

offered. Of course, the quality of the education program is reflected in the inputs, processes, outputs, and educational outcomes that have been achieved. 2) Differentiation of Educational programs, namely that competitive advantage is caused by the uniqueness or differentiation of the educational programs offered. So, a university can have a superior value because the educational program it offers is different from its competitors, and is also a program that is required by a certain market segment in the long term. 3) Costs or prices, namely competitive advantage originating from educational costs that are appropriate with educational programs and educational services offered. This does not necessarily mean that the cost must be the cheapest, or vice versa, a very expensive one, but it means that the compatibility between the cost and the quality of the educational programs and services offered, so that when the costs and benefits are calculated, it will provide assessment results indicating that the cost of education is appropriate and perceived to be lower than that of the competitors'. 4) Institutional reputation, namely the competitive advantage possessed by the reputation or good image of an institution in the eyes of the public. The reputation assessment comes from both inside and outside the institution. The realization of this reputation or image is not something easy and takes a long time. A university that already has a bad reputation in the eyes of the community is very difficult to restore its image to a better direction. On the other hand, an established good reputation of a university requires serious efforts and commitment to maintain and improve it. 5) Qualified Human Resources are competitive advantages due to the availability of qualified human resources: professional leaders, lecturers who have qualifications and competencies according to standards, high-performing employees, and high-quality students.

## **2.2 Sustainable Business**

Sustainable business basically consists of two words, namely sustainable and business. Referring to these two words, sustainable business can be literally interpreted as a business that is sustainable, in generating both short-term and long-term benefits. The benefits in regard do not stop at material gain or profit. A new business can be said to be sustainable if the company is able to achieve its business goals, increase value in the long term, maintain its consistency.

In addition, sustainable business must also be able to implement social, economic and environmental values in its business strategy. There are at least 3 benchmarks in sustainable business. All three are summarized in the 3Ps consisting of people, profit and planet. According to Narayanad (2018) Business Sustainability is an attempt by businessmen to inhibit negative environmental and social effects so that future generations will have adequate resources to fulfill their needs.

## **2.3 Higher Education**

In the government regulation of the Republic of Indonesia Number 30 of 1990 concerning tertiary institutions, it is stated that higher education is education at a higher level than secondary education in the school education path. Higher education is an education that becomes the final terminal for someone who has the opportunity to learn as much as

possible through school education [8]. Universities in Indonesia consist of three categories, namely: Public Universities (PTN), Private Universities (PTS), and Institutional Universities (PTK). These educational institutions are in the form of Universities, Institutes, Colleges, and Academies that provide education for Strata one (SI) with a Bachelor degree, Diploma I and II with an A.Ma title, Diploma III with A.Md title, Strata 2 or Post-graduate (S2) with a Master degree, and Strata 3 (S3) with Doctorate (DR) (Taliziduhu, 1988). Higher education is a level of education after secondary education which includes diploma, bachelor, master, specialist and doctoral educational programs organized by universities (Law No. 20 concerning the National Education System, 2003:20).

### 3 Methodology

#### 3.1 Population and Sample

Population can be interpreted as the number of all people or non-people who have the same characteristics and meet certain requirements related to research problems and can be used as a source of sampling [8]. According to Sugiyono (2011) Population is an area that is general in nature and consists of objects or subjects that have qualities and meet certain characteristics, when determined by researchers to be studied and then conclusions are drawn. The population in this research is the head of the study program in each department and structural officials at a number of private universities in Maluku, namely 4 universities, 5 high schools, 5 academics and 2 polytechnics. The samples collected did not include private universities in the province of Maluku Utara. The sample is defined as part of the number and characteristics that are truly representative of the population [9]. Thus, the sample in this research is 100.

#### 3.2 Hypothesis

The hypotheses proposed in this research are:

1. It is assumed that market orientation influences the business sustainability of UKIM
2. It is assumed that marketing assets influences the business sustainability of UKIM

#### 3.3 Analysis Technique

To answer those hypothesis and prove the relationship between the variables, Simple Regression analysis technique is applied, which can be explained as follows.

$Y = a + bX$ , where Y is the dependent variable, in this case business sustainability, a is the intercept/constant value, b is the regression coefficient, and X is the independent variable consisting of X1 marketing orientation and X2 marketing assets (Table 2).

### 4 Result and Discussion

The result of the reliability test shows that the Cronbach alpha value for all variables was above 0.7 (Table 3). Therefore, all variables are considered reliable (Table 4).

**Table 2.** Rotated Component Matrix

Var	Component		
	1	2	3
OP1	.766		
OP2	.763		
OP3	.749		
OP4	.785		
AP1		.792	
AP2		.783	
AP3		.703	
AP4		.746	
KB1			7.98
KB2			.803
KB3			.788
KB4			.797

Source: data processed 2022

**Table 3.** Reliability Test

No.	Variables	Cronbach Alpha	Description
1	Market Orientation	0,825	Reliable
2	Marketing Assets	0,824	Reliable
3	Business Sustainability	0,912	Reliable

Source: data processed 2022

**Table 4.** Hypothesis Test Result Coefficients<sup>2</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.495	.476		1.040	.303
Market Orientation	.430	.106	.432	4.711	.003
Marketing Assets	.589	.112	.537	5.241	.000

#### 4.1 Dependent Variable MO, M

Hypothesis 2 test results indicate that market orientation has a positive influence on business sustainability. This is indicated by the t-count value of 4.711 with a significance value of 0.003 ( $p < 0.05$ ). Therefore, Hypothesis 1 is accepted.

Hypothesis 2 test results indicate that marketing assets has a positive influence on business sustainability. This is indicated by the t-count value of 5.241 with a significance value of 0.000 ( $p < 0.05$ ). Therefore Hypothesis 2 is accepted.

To attract a larger number of prospective students in the subsequent academic year period, UKIM must pay attention to these two variables. In maintaining the business sustainability of higher education, UKIM must have a clear marketing orientation. This marketing orientation aims to implement concepts and become the basis for decision making and organizational culture. To make it work, UKIM has to do several things, including:

1. Consumer Orientation. UKIM determines the basic needs of service users (consumers) to be attended and fulfilled.
2. Coordination and Integration within the Organization. To provide optimal satisfaction to consumers, all existing marketing elements must be well integrated and coordinated by UKIM policy makers.
3. Earning Profit through Customer Satisfaction. One of the company's goals is to make a profit. To maintain the sustainability of its business, UKIM must earn a profit or revenue from product sales in the college business and not depend on student tuition.
4. Marketing Strategy. By formulating the right marketing strategy, UKIM can compete with other private universities in Maluku.

To optimize marketing assets, there are 5 ways UKIM can do, namely: 1) improving the education quality of study programs that are driven through the results of educational inputs, processes, outputs to outcomes. The inputs received from the screening results, namely the prospective students, will be properly nurtured. Likewise, the process undertaken must be in accordance with the established standards, so that it can be an output and outcome that is not only useful for the outside world, but also useful for the universities. 2) Differentiation of educational programs. UKIM must encourage the differentiation of its educational program so that it can produce a top-quality study program because of its uniqueness compared to other universities.

A university can have a superior value if its educational programs offer something different from its competitors and also when the program is required by a certain market segment in the long term. 3) Costs or prices. Educational costs that are appropriate and suitable with educational programs and services offered can give the university the competitive advantage. This does not necessarily mean that the cost must be the cheapest, but more of that there are compatibility between the cost and the quality of the educational program and services offered. Therefore, if the costs and benefits are calculated, it will provide assessment results indicating that the cost of education is appropriate and considered lower than competitors 4) Reputation of the institution. Good reputation or image of an institution in the eyes of the public can also give a competitive advantage for a university. The reputation assessment comes from both

inside and outside the institution. Establishing a good reputation is not something easy and is an accumulation of judgment over a long period of time. It will be very difficult for a university that already has a bad reputation in the public eyes, to restore its image. On the other hand, a university with good reputation must put on some serious efforts and commitment to maintain and improve it. 5) Human resources with good qualifications. This is a competitive advantage due to the availability of qualified human resources: professional leaders, lecturers who have qualifications and competencies according to standards, high-performing employees, and high-quality students.

## 5 Conclusion

Based on the above discussion, it can be concluded that:

1. To gain an advantage in the competition among private universities in Maluku and in order to increase the number of students in the next academic year period, UKIM must improve its performance.
2. Improving the performance of universities, in order to maintain business sustainability can be achieved by determining market orientation appropriately and correctly
3. Through the effective application of marketing assets such as product information (study program), technology, and human resources, UKIM can easily adapt towards changes in the competitive situation of higher education businesses.
4. If the three points above are executed correctly, UKIM will be able to survive and have a sustainable business, in the midst of very tough competition among private universities in Maluku

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