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PROGRAMA DE DOCTORADO EN
ADMINISTRACIÓN Y DIRECCIÓN DE
EMPRESAS

“A PROACTIVE MARKET ORIENTATION
FOR THE POSTGRADUATE MARKET”

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A proactive market orientation for the postgraduate programs

Abstract: The present study aims to help universities to develop a proactive market orientation as the precedent for a successful innovation policy for their postgraduate programs through a deep review of the concepts of "proactive market orientation" of the postgraduate market and its relative "postgraduate decision-making process".

This 'decision-making process model' will be the perfect framework which will facilitate different reflections about customers (adult students), companies (employers) and universities and all their possible interactions which can exist under a "proactive market orientation" and the consequent strategies for a successful innovation policy.

Therefore, this research makes a significant contribution to the body of knowledge in this important area of market orientation as a precedent for innovation for educational institutions. This proactive market research philosophy can assist the University, administrators, managers and recruiters in adapting their marketing strategies and their related innovation policy in order to differentiate from the competition in a complex sector like the postgraduate education one.

Keywords: proactive market orientation, innovation, postgraduate, masters programs.

I. Introduction. Trends in the market of postgraduate education

In this paper, the "decision-making process for postgraduate education" will refer to the process by which an adult makes the determination to enroll in a part-time postgraduate program, a part-time master.

In this introductory section, we are going to review the present situation of the postgraduate market.
agreement has increased the complexity which sets up a correspondence between educational systems and higher levels of mobility (Pusina et Al 2008). All these numerous pressures and changes in postgraduate environment impact on a university’s endeavors to attract quality students (Mouwen 2000; Ginsburg et Al 2003; Moller 2006). In this postgraduate context, strategically, one of the most important objectives of any university is attracting and retaining students suited to the courses offered (Veloutsou et al 2004). The university’s marketing management has to dominate the choice decision process and to develop the right strategies according to that previous research in order to get both the students’ decision to enroll their program and their satisfaction with it when the service is received (Kotler, 2006). One of the challenges faced by postgraduatae institutions is catering to the needs of a growing segment of more mature students from nontraditional backgrounds, international students, and students who enroll to achieve very specific objectives (Mavondo et al 2004, Veloutsou et al 2004, Lundberg 2003).

On the other hand, considering the demand, consumers (both companies’ and their professionals’ evolutorial educational needs), there has been an increasing demand in the last decade of postgraduate programs (GMAC 2010). It is widely spread the idea that professionals are going to work more years than they did before, and probably in many different jobs than the one they do today (Bradshaw, 2007). Recent researches state that the postgraduate degree provides access to career advancement and the upper levels of management (Zhang and Cooper, 2005). All these factors increase the need for professionals and their companies to consider a part time postgraduate program in which employees will attend while working in their present jobs. Individual benefits often include higher lifetime wages, reduced levels of unemployment and an increase in their quality of life (Bauim et al. 2010). This need is not only considered by the professionals but by the employers, not only for developing the talent inside their company but as a way of motivating them Some companies reimburse and sponsor the programs as an employee benefit. (Kotler and Fox, 1995).

All these influences in the need for universities consider marketing as a necessary tool to reflect on their market and develop the right strategies. Consequently, it is necessary to invest time and money in order to better understand and influence the choice process among prospective students (Maringe 2006; Briggs and Wilson, 2007). Considering that the marketing of specific graduate schools has been an area assisted with a minimal amount of empirical research and the fact that the research has been focused on undergraduate students when choosing their college, it is necessary for these institutions get a deeper understanding of the decision making process among professionals for postgraduate education programs. (Claudia Simoes and Ana Maria Soares, 2010) in order to create the appropriate marketing strategy. As Hemsley-Brown and Oplatka. (2006) state there is still much to be done in the context of postgraduate markets for those with a passion for research, and a belief in the power of markets and marketing. In a special report about postgraduate studies (Hegarty, 2011), it is stated that there is an absence of research pertaining to not only graduate students in part time programs but moreover the presence of adult learners in these programs. This knowledge and information about their potential clients will let the educational institutions understand the different segments and to target the chosen ones with the right proposition strategy and its corresponding marketing mix policies. (Kotler and Keller, 2007). The more the schools marketing program is based on the results of empirical research into customer needs, the more likely it is to succeed. (Bruce, 2009). Educational institutions need to be aware and better understand the selection process of potential students and the factors that students consider influential in making their selection. (Chia, 2011). Considering Hemsely-Brown and Oplatka’s, (2006) review of postgraduate marketing, the literature on postgraduate marketing is incoherent and lacks theoretical models that reflect upon the particular context of Higher Education (HE) and the nature of their service.

2. Objectives of the study

This paper has various objectives:

1. To review all the existing literature related to both “proactive market orientation” and “postgraduate decision making process” in the postgraduate market as the first necessary step for a differentiation strategy for these educational institutions.

2. To remark the importance for postgraduate institutions for managing themselves under a “pro-active market orientation” as the way to develop a successful innovation policy in order to get the needed differentiation.
3. To propose a model which explains the decision making process for the adult student in the postgraduate market as the first step for this ‘pro-active market orientation’.

It is obvious that a model able to provide a definition of this adult student will help any postgraduate institution to search for differentiation among the competition. Our proposed conceptual framework does not need to be the ‘definitive’ model but a model to be discussed with some experts to improve it.

Also, in the future this model will be a useful framework in order to facilitate future research proposals and reflections in order to have a successful innovation policy according to the needed proactive market orientation.

3. Methodology: systematic review

To achieve the objectives laid out in this paper, we have focused the research on a systematic exhaustive review of the existing literature. The primary purpose of the literature review is to frame the research problem, identify relevant concepts and facts and fill the “gap” in existing knowledge.

All this systematic review is based on its associated procedure, meta-analysis. In management research, the literature review process is a key tool, used to manage the diversity of knowledge for a specific academic inquiry. We consider that this methodology is the right one considering the statement that systematic review helps develop a reliable knowledge base by accumulating knowledge from a range of studies (Tranfield et al. 2003). Systematic reviews differ from traditional narrative reviews by adopting a replicable, scientific and transparent process, in other words a detailed technology, that aims to minimize bias through exhaustive literature searches of published and unpublished studies and by providing an audit trail of the reviewers’ decisions, procedures and conclusions (Cook et al. 1998). The process of systematic review and its associated procedure, meta-analysis, has been developed over the last decade and now plays a major role in evidence-based practices (Tranfield et al. 2003). In our case we want to develop a framework and a model which will help innovation in the educational sector.


Our systematic search begins with the identification of keywords and search terms, which are built from the study, the literature and discussions within the review team. We divided our search work in two different categories.

In the first part of the review, “decision-making process for postgraduate programs”, we need to identify thesaurus terms and combine them with “decision making process” and “postgraduate”. These terms were: student choice, selection, postgraduate, graduate education, model, masters, adult, student, professional, university, business school, consumer behavior.

In the second part of the information review, the terms searched for a systematic review were “pro-active market orientation” combined with postgraduate, higher education, masters, and university.

Lastly, and with the objective of defining these concepts considering the different authors who have defined them, we searched the concepts related to “innovation”: service innovation, postgraduate innovation and co-creation innovation.

Also we tracked the searches using a database. For the citations for the references we used RefWorks 2.0 program.

4. Literature Review

4.1. A “proactive market orientation” for educational institutions

On the one hand, Shatlock (2007) noted that most universities are actually doing (or they say they are)
very like most other universities. Chapleo (2010) states that there is a lack of real differentiation in the educational sector in general. He considers that in spite of the similarity of products in postgraduate, there are suggested key factors to be pursued by universities to occupy positions of distinctiveness. In addition, Enache and Casatas (2011) states that a framework able to provide relevant information and suitable instruments will improve the market presence of any postgraduate institution. Hemsley-Brown and Oplatka (2006) consider that despite the existence of substantial literature on marketization of postgraduate and consumer behavior, the literature is incoherent and lacks theoretical models to reflect upon the particular context of postgraduate and the nature of its services. In addition, Nicolescu (2009) states that the marketing field is still to be developed and adapted for the postgraduate sector and apart from the promotion and communication, there are many other actions for satisfying the student which has to be considered. Besides, Enache (2011) affirms that the universities are not fully market oriented.

On the other hand, Koholi and Jaworski (1993), describe the “market orientation” as the ability of an organization to generate, disseminate, and use superior information about both customers and competitors. Also Day (1994) defines this ‘market orientation’ concept as a pervasive commitment to a set of processes, beliefs, and values reflecting the philosophy that all decisions start with the customer and are guided by a deep and shared understanding of customers’ needs and behavior for the purpose of realizing a superior performance by satisfying customers better than competitors. Heiens (2000) states about ‘market orientation’ that firms should seek to understand both customers and competitors and to incorporate such knowledge in their strategic planning efforts.

Many researches have considered the beneficial effects of being market oriented. The knowledge about customers and competitors that is derived from being ‘market oriented’ should lead to more effectively market targeting, product development and positioning (Hunt and Morgan, 1995; Atuahene-Gima and Ko, 2001). Narver et al. (2004) considers that market orientation consists of two essential behaviors: a ‘responsive market orientation’ in which companies attempt to discover, understand and satisfy the expressed needs of customers and a ‘proactive market orientation’ which is related to latent needs. Hurley and Hult, (1998) argued that market orientation and innovation orientation should complement each other: A ‘proactive market orientation’, focused as it is on latent needs, leads to even deeper insight into customer needs and, thus, to the development of innovative services (Narver et al. 2004). As Narver et al. state as superior customer benefits become parity over time, responsive market orientation will become much more common over time and to maintain a competitive advantage, proactive market orientation must increase continually which will assure the satisfaction of its target customers’ expressed and latent needs.

In addition, focusing on market orientation for educational services, Oplatka and Hemsley-Brown (2007) state that market orientation has been largely neglected in the educational marketing research genre, and call for this to readdressed in future research projects. For educational institutions, market orientation is suggested as a way of linking institutional objectives with the needs of students and employers because it forces the institution to focus on customer identification (Owlia and Aspinwall, 1997).

A market-oriented university situates the success of universities in the context of their ability to proactively meet the needs of the stakeholders: students, family, employers, government and citizens (Nkambene and Azikiwe 2008); Lindsay and Rogers, (1998) argue that many higher institutions tend to adopt a sales orientation rather than a market orientation and consequently market orientation has been misconstrued by these educational institutions. To the same effect, Maringe and Gibbs, (2008) state that one of the new lessons universities is learning about business and commercial world today is how to develop a customer perspective. With the same meaning, Nicolescu (2009) states that the use of the concept of consumer behavior and the study of the consumers’ behavior, with the buying decision process, is one way to fulfill the marketing core goal.

4.2. The linkage between a ‘proactive market orientation’ and ‘service innovation’ in the postgraduate educational market

On the one hand, the connection between ‘market orientation’ and innovation has been argued by many authors. Baker (1994) suggests that ‘market orientation’ facilitates the anticipation of the developing needs of customers and to respond to them through the addition of innovative products and services. He considers a market orientation as a learning orientation which leads to innovation. According to Sundbo (1997), the market situation is the point of departure for the innovation process in services.
Voorhees, (2005) remarks that it is necessary to use different techniques to assess the market potential of new programs. Among them, he proposes surveys to prospective students (like the ones which we will be propose in our model) and current students. Garlic (2012) also considers that successful educational institutions in their strategic planning rely on investigations of market segments of future students. Kotler and Keller, (2009) also state that formulating a postgraduate institutional marketing strategy includes among others, decisions about the institution’s current programs and future new programs (product innovation) as well as designing the rest of the marketing mix (other types of innovation) (Kotler and Keller, 2009). All the research techniques for assessing the market potential of new programs (innovation) merit serious consideration (Voorhes, 2005). Also Maringe and Gibbs (2009) point that it is vital to conduct researches in order to both, understand the students’ likes and dislikes so universities can design new courses and to assure the quality expected by them. Aspects such as student expectations and student choice are characteristic of consumer behavior in postgraduate and are seen as a valuable source of information (Sander et al, 2000). As Vrontis (2007) state about the Higher Education market, emphasish must be given to understanding consumer behavior (student) and related theory focuses such as services marketing theory. The new era demands a re-interpretation of HE institutions’ product (education) through the eyes of the customer. Hult and Hurley, (2004) model ‘market orientation’ as an antecedent of an innovative culture. To the same effect, in the literature on service innovation, it is also widely argued that the considerations of customers, competitors and market possibilities is usually the point of departure for innovation processes (Brentani 1989; Morgan and Sturdy, 1993; Laing 1993; Jallat, 1994). Some researchers also suggest that customer involvement is important in service innovations (Jallat, Prs and Dussart, 1992).

On the other hand, when considering postgraduate education, we can state that it has all the characteristics which catalog it as a service where the universities, employers and the adult students have an important role because they participate in the process (Kotler and Fox, 1995).

Pestek and Pasic, (2008) also state that it can be viewed as a purchase of service, with universities and faculties as service sellers and adult students as customers.

As a result, when reviewing about this particular educational service, we have found in our review, different considerations of types of innovations. (fig. 1).

Figure 1
Types of Innovation. Adapted from the authors

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<th>TYPES OF INNOVATION</th>
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<tr>
<td>2. - Product Innovations which often include a new substantial different service offered to students, such as a curriculum package or other programmatic option</td>
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<td>3. - Process innovations focused on production and delivery techniques such as online learning.</td>
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<td>4. - Administrative innovations included about marketing and other organizational innovations.</td>
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<tr>
<td>1. - Product innovation: new or significantly improved curriculum….</td>
<td>OECD/CERI (2010)</td>
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<tr>
<td>2. - Process innovation: significant changes in techniques or equipment and software in delivering services.</td>
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<tr>
<td>3. - Marketing innovation: a new marketing method involving significant changes in product design or packaging, product placement or pricing the education service or a new admission strategy.</td>
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<td>4. - Organizational innovation: a new way organization of work between teachers or organizational changes in the administrative area.</td>
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<tr>
<td>2. - Administrative process.</td>
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<td>3. - Faculty and staff.</td>
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<td>4. - Market development.</td>
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<td>5. - Organization structure.</td>
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As mentioned before, there are multiple stakeholders which participate in the decision making process for postgraduate programs. So when considering a proactive market orientation we should take into account the relation between adult students, their employers or companies and lastly the personnel from postgraduate institutions, faculty and staff working (Kotler and Fox, 1995). A deeper reflection about how to take into account all these different stakeholders should be considered when establishing...
a market orientation approach to innovation as seen in figure 2.

It is necessary to consider that in some cases the Adult Student takes the decision to enroll a postgraduate program without his/her employer participation so the employer does not always have to be present in the decision-making process but in some.

Figure 2
Stakeholders involved in the Postgraduate Market.
Own elaboration

Focusing on the innovative concept for these higher education institutions, Voorhees (2005) states that more energy is expended on maintaining an inventory of existing programs than on adjusting them or even creating new ones (innovation) to better meet market needs Therefore, in order for the educational institutions being able to meet contemporary requirements of an ever-changing educational environment, it is necessary that it becomes subject to change and initiate them on its own (Dordevic-Boljanovic, 201).

Innovation, as a way of differentiating, will be crucial in a complex moment like the one described in the educational market. Binsardi and Ekwulugo, (2003) claimed that “a centrally important principle of marketing is that all marketing activities should be geared towards the customer”. In order to have a successful innovation policy, the educational institutions will need first to improve their knowledge about the adult students and the company’s needs through the pertinent research about consumer decision-making process as we will consider in this paper.

To conclude, after this review about ‘market orientation’ and ‘innovation’ for the postgraduate market, it is obvious that the first step is to get a deep understanding of these adult students’ behavior through a literature review. This would be the first phase for a real ‘market orientation’ philosophy for postgraduate institutions which will lead us to a successful innovation policy as we will review in this paper.

4.3. The postgraduate decision making process

When reviewing the literature about the adult student and their decision for a postgraduate program, we have discovered that there is no decision making model developed for them. Consequently, one of the first things needed to be designed is the ‘decision making process’ for these adult students when choosing a postgraduate program with the influential drivers which affect each of its phases. To create this decision making model for adult students, we have analyzed both the literature about existing models for undergraduate student-choice and the literature and surveys related to the choice and enrollment process by the professionals in postgraduate education.

The university market has been characterized as forming three main segments: international students, high school leavers and mature students (considered as “adult students” in this paper) and each segment considers different factors when making choices (Soutar et al. 2002). For postgraduate programs (named graduate in USA) we include masters level programs (Masters or science, art or MBA) and doctoral programs for both research (PhD) or professional activities (e.g.: medical).

Researches recommended that programs of higher education should be marketed on the basis of service marketing (Umashankar. 2001). Hence, the postgraduate education has all the characteristics which catalog it as a service. It can be viewed as a purchase of service, with universities and faculties as service sellers and adult students as customers (Pestek and Basic 2008). These adult students are the customers in the process with a consideration, the education is chosen and paid by them or it is paid by their company, therefore in some cases there is a triangular relation among the University, the Company employee/student and Company employer (Kotler and Fox, 1995). (As seen in fig 2)

The process in which customers make decisions to purchase goods or services is defined as multi-stage and complex process undertaken consciously, and sometimes unconsciously by students aiming to enter higher education, and wherein the issue of the
choice of studying destination and the content will be resolved (Maringe and Carter, 2007). Choosing a postgraduate program (masters and doctoral) at an ideal institution is probably one of the most important decisions students and their family will make (Lei et Chuang 2010). Many student applicants find the decision making process to be quite stressful and time-consuming (Poock and Love, 1997). It is what Nicholls describes as an extended decision process involving complex buying behavior that is subject to multiple influences and high levels of involvement that result from expense (time and money), significant brand differences, and infrequent buying (Donaldson and McNicholas, 2004; Briggs and Wilson, 2007). This process consists of 5 different steps: need recognition, search for information, evaluation and selection, purchase and post purchase behavior (Neal 2003). A multitude of college choice models (undergraduate students) has drawn upon the “Model of Consumer Decision Making as a foundation” (Chapman, 1986; Stage and Hosler, 1987; Hosler and Gallagher, 1989). To select the program and the school, the adult student moves through each stage of the buying decision process. The choice process takes a considerable time and there are a number of influencers (Donaldson and McNicholas, 2004) and internal and external factors influencing those stages as mentioned (influential drivers in our proposal).

While students select an undergraduate institution for a variety of immediate reasons (e.g: student life options, friends…) the selection of an institution for postgraduate study is more closely tied to the benefits students expect to receive upon completion of the graduate degree. So it is necessary to distinguish the process for undergraduate students (under 18) from the process of professionals when going back to study while they continue working (part time postgraduate education).

This is something that allows us for the development of a specific model for the postgraduate choice decision. In order to create our conceptual model for adult students, we are going to analyze both the literature about existing models for higher education student-choice and the literature and surveys related to the professionals and postgraduate education.

Models of student enrollment behavior theory started to emerge in early 1980. An extensive body of literature relates to school choice decisions at the undergraduate level. Although models have been developed for undergraduate students when choosing the university or college, none has been addressed for post graduate studies for professionals, adult students, when choosing to attend a part time program. In fact, literature regarding the basis of postgraduate decisions is scarce. It is curious that such an important market has little research (Sanchez Herrera et al. 2009).

Considering the mentioned undergraduate decision making models when choosing a university, a number of researchers have developed different ones which can be classified in economic models (Hosler et al. 1999; Manki and Wise, 1983), status attainment models (Sewell and Shah, 1978) and combined models (Chapman, 1986 and Hanson and Litten, 1982) which integrate the two previous approaches. The last and most important models developed are referred to Vrontis and Perna. Vrontis model integrates all the previous models providing the most representative combined models developed (Chapman, 1986; Jackson and Hanson and Litten, 1982) and compacts them into a comprehensive and more user-friendly version (Vrontis et al. 2007). Also Perna (2008) represents one of the further ones of the combined models introducing the important factor of individual preferences which arise as a result of social circumstances and different family background.

These combined models which provide the best comprehensive explanation about the university decision will be the base for developing the first decision process model for postgraduate studies for professionals. In our model we will represent both the decision steps and the various influential drivers adapting them to the postgraduate decision making process considering the information about this market. So, the university models we have considered in order to adapt them for our model are the ones from Vrontis, (2007), Vossentsteyn, (2005) and Perna, (2008).

Maringe and Carter, (2007) state that the decision making process and the choice are inseparable concepts and both are affected by different factors: environmental, organizational and individual influences and personal factors that describe the personal system of values and preferences. These factors are frequently viewed in line with the consumer behavior model with all its known phases, where students are faced with different external stimulus such as institution-controlled marketing, attributes and uncontrolled factors, such as personal influence of parents and friends (Alves and Raposo, 2001). Consequently, in all these models, the authors identify different factors, influential drivers or explanatory variables, which influ-

5. Results

The postgraduate education institutions are facing an increasingly complex competition due to the today’s tough economic situation, the global economy and the introduction of online education programs and institutions all around the world. Consequently, universities have to develop differentiation strategies in order to be able to survive in this complex market which has two different targets, adult student and its employer.

The first step in order to develop a real differentiation strategy, is to get a real proactive market orientation. This will help us to get to a successful innovation policy to satisfy these adult students and employers’ needs. In our review we have discovered that there is much to be done about a proactive market orientation for the educational institutions when consider this postgraduate market. As a result, little is known about the decision making process of this adult student which will be the first needed step in this proactive market orientation.

The result of our paper, as it has been described, is the first step to develop that future innovation strategy with the proposal model of the decision making process for this adult student. This proposal model should be discussed among experts to improve it before deciding the definitive one which will be needed to be tested future researches. The spectrum of elements it encompasses requires separate studies to test different parts as it happened in the main models created in the past.

The core of our model consists of the different phases of the consumer decision making model but reduced from seven to five the number of steps as the ones developed for undergraduate students. The model also shows all the different factors (influential drivers) which affect each of the phases of the decision making process for postgraduate programs. To select these factors we have considered the ones from Vrontis, (2007) model and Perna, (2008) one adapting them to our adult student after considering the literature about this particular market. To illustrate, Olson and King (1985) state that the undergraduate student process differs from the postgraduate one, adult students, which tends to have additional constraints such as educational and living expenses, family and peer influence, and employment opportunities for the applicants or spouse). Also, the influential drivers differ from the undergraduate ones in different considerations. To illustrate it, Richard and Stacey, (1993) argue that the university and program decision should closely match personal, academic and career goals of adult students.
This model will be the first and necessary step to increase the knowledge and information about professionals when going back to school. It will be also the base to decide future researches in any particular part of it. All with the aim to get information from the universities and business schools to innovate and to satisfy students’ needs in a better way. This knowledge will be really useful for the universities and postgraduate schools to formulate their marketing strategies. As Vrontis, (2007) explains the student decision-making model has the use to assist administrators in the higher educational institution to market themselves more effectively to their prospective students.

6. Concluding proposals

This paper has been organized as follows: We have described first the methodology followed based on a systematic review of existing literature. Second, we have gone rigorously through a literature review, focused mainly on proactive market orientation and the adult student consumer behavior in the postgraduate market. This review was necessary as the first step for developing a framework which could be useful to achieve a differentiation strategy among universities based mainly on innovation. We have also considered the concepts of service innovation and innovation for educational institutions. Finally we have presented our proposed model for the adult student decision making process.

When considering our final conclusions we have reviewed the main objectives we had with this paper:

The reviewer has been developed as mentioned presenting all the information which we have considered remarkable about a ‘proactive market orientation’ and the “postgraduate decision making process” for the adult student.

Also it has been remarked the importance for postgraduate institutions for managing themselves under a "proactive market orientation" as the way to develop a successful innovation policy in order to get the needed differentiation.

Lastly, and as a consequence of the literature review, we have developed a proposal model for the decision making process for this adult student, something that we could consider as management innovation in itself after being discussed and consequently improved.

For future researches, considering our literature review, we have found out that it has also been clearly recognized that successful new product development (product innovation) depends on a deep understanding of present and latent consumer needs based on a proactive market orientation. With this objective, we have proposed a model for understanding this adult student decision-making process. Our proposal model for this adult student needs further researches in both defying the definitive model and testing it.

Moreover, we suggest that other priorities for future researches must be focused on the co-creation concept as a source of innovation for education institutions based on the multiple stakeholders that participate in the postgraduate market as seen in figure 2. The experience of co-creation innovation in other markets should be considered in order to search for possibilities to be implemented in the educational sector. As Kristensson et al. (2008) argues that the identification of key strategies through which successful co-creation might occur is important to managers attempting to apply the philosophy of market orientation in a proactive way.

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