School Principals, Environments and Stakeholders: The Blessings and Heresies of Market Organization

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Abstract In this chapter, the authors emphasize the need for schools and their principals to focus on the needs of their students and other relevant stakeholder groups. This orientation also implies flexibility in the management of educational systems, instead of the bureaucratic accountability currently prevailing in the South-East European education. Schools and their principals are advised to recognize the nature of market orientation and apply the ambidextrous integration of strategies that are both market-driven (implying adaptation to the educational environment) and market-driving (implying active exploration of the target market, influencing the market structures and managing relevant stakeholder relationships).

Contemporary school principals (managers) generally do not perceive themselves as modern Robin Hoods[1] or re-interpreters/performers of Marxist social classes ideology[2]—enablers of positive class mobility driven by education. They also do not always need Noam Chomsky's kind of civil courage to oppose or overcome rigid political, economic, social and technological issues within the education industry and society in general. However, they have to be sovereign, wise, daring and educated enough to lead and promote institutions that could at least be perceived as "*abstract models constructed to interpret certain selected abstract relations between*

individuals"(Popper, 1957). Nowadays, principals cannot merely focus on the pedagogical/scholastic components of educational processes, but need to understand wider contexts and manage the role of schools in challenging, interdependent environments (Larusdottir, 2014). Remaining focused on "standardized" knowledge dissemination patterns without perpetually questioning existing paradigms implies a strong assumption: that the current principles of educational systems are optimal and thus dogmatic.

By using recent managerial/marketing tools and techniques developed both in the for-profit and non-profit sectors, available in numerous textbooks, papers, study programs, courses, seminars and (other) internet sources, school principals can be more focused on their main mission: **utilizing education for the perpetual creation of new value for local communities and society as a whole**. Unfortunately, principals might be selected by using the convenience principle, thus having little to no experience or modern business-related education. In selecting principals, the expertise principle is often ignored: Valuable experts in mathematics, geography or language, who have a great capacity in developing young talent, are "wasted" by have a managerial role forced upon them. In doing so, schools: (a) lose an expert in a specific field; and (b) get a principal without sufficient managerial knowledge and skills. As a result, schools are led by experts in diverse scholastic fields, thus focusing schools on curricula and content dissemination, without proactive approaches focused on possible new means for value-creation.

While marketing principles can be negatively perceived as "better suited for money-oriented and greedy society," by both principals and teachers (see Oplatka, 2006), the benefits from applying those principles in a school context makes them important allies for principals in value-creation. A market-driven mindset, within a given or created context, along with possible market-driving components, is the logical orientation for reasons of responsibility—not only for pupils and employees, but for the future of society in general. School principals should be sovereign leaders in all crucial components of their work, clearly identifying:

(a) value-creation through curriculum and knowledge dissemination routines; and
(b) development of value-creating opportunities through interactions with other relevant stakeholders.

Most school principals worldwide are dedicated and hard-working individuals, coping with numerous internal and external/market challenges, pertaining to diverse target groups having different, sometimes highly divergent, expectations. Students (current and potential), universities and companies (as target users of students' knowledge/skills as a school's key output), parents/families and the local community (creating self-sustainable young individuals), local/municipal/national authorities (which influence traditional PEST[3] elements)—all are amalgamated in a stakeholder 'bundle'.

Therefore, the crucial decision-making arenas for school principals should be derived from at minimum the following list of challenges[4]:

- Determining present/future wants according to (re)created "want categories" of selected "market" segments strongly related to a school's mission and vision;
- Determining the possible match between the offering and needs/wants of each segment;
- Co-operating with all relevant stakeholders in order to provide resources and ensure implementation of value-creating strategies; and
- Informing and persuading stakeholders to interact with the school and demand/use its available offerings.

Schools are no longer accepted as the only socially viable option for personal development and growth. Individuals and institutions in general are increasingly challenging the role of the educational system:

- Massive Online Open Courses (MOOCs) offer alternatives to "traditional" educational paradigms.
- Numerous organizations are increasingly offering tailor-made educational programs targeted at maximizing value for highly specific target segments.
- Companies are increasingly organizing their own in-house educational programs for employee development, which are not only limited to highly educated employees, but increasingly organized for employees with various levels of formal education and educational backgrounds.
- Some are calling for forsaking the formal educational system altogether (e.g., PayPal co-founder Peter Thiel offers scholarships for

individuals who decide not to attend formal educational programs, but would rather learn through involvement with diverse knowledge/skill-generating options[5]).

These developments are creating new challenges for formal educational systems, which need to recognize these challenges as opportunities, rather than threats, and become competitive (Bauch, 2000). Formal educational systems need to ensure that some of the top talent does not drop out because of either the content or structure of the educational process. Rather, schools should explore ways for both the "average" and "misfits" to flourish in school systems. Competitiveness in this context implies that the formal educational system should create efficient and effective ways to drive individual capabilities, enabling the creation of future *Nikola Teslas* and *Leonardo da Vincis* who can thrive in such a system and change the world. At the same time, schools should ensure that they fulfill their social purpose and ensure that top talent is not lost in socially disadvantaged communities (Bauch, 2000).

In such a context, it is advisable to equip schools' top management teams with sophisticated business knowledge, ensuring high-quality leadership capable of creating value in the system. The concept of markets in education has long been discussed from various perspectives (Foskett, 2012): (a) the philosophical domain of the nature and purpose of education (Jonathan, 1990); (b) the policy domain of governments and public funding (Raffe & Spours, 2007); (c) the domain of leadership and management in educational organizations (Foskett, 1998); and (d) the educational and career choices of individuals/families (Forsey, Davies, & Walford, 2008; Foskett & Hemsley-Brown, 2001; Fuller, Heath, & Johnston, 2011).

One key aspect which has been shown to have an impact on organizational success is market orientation (Kumar, Jones, Vankatesan, & Leone, 2011), representing operationalization of *marketing as a philosophy* and taking all relevant target groups/stakeholders into the heart of every activity.

1   MARKET ORIENTATION: DEFINITION AND CONTEXT

The marketing concept has been defined as "a corporate state of mind that insists on the integration and coordination of all the marketing functions which, in turn, are melded with all other corporate functions, for the basic

purpose of producing maximum long-range corporate profits" (Felton, 1959). The importance of implementing the marketing concept was later also recognized in non-profit organizations (Lazer, 1969; Kotler & Zaltman, 1971), which measure their success in terms other than profits. While the marketing concept and its importance have been recognized since the mid-twentieth century, and numerous contributions aimed at defining the measurement of this concept, marketing literature has widely accepted two main approaches, both developed in 1990.

> *Market orientation* (*process perspective*: a process of generating, disseminating and responding to market intelligence (market-related information) within an organization.

Kohli and Jaworski (1990) conceptualized a process perspective on market orientation, encompassing organization-wide generation of market intelligence, dissemination of market intelligence within an organization, and organization-wide responsiveness to such generated and processed intelligence. On the other hand, Narver and Slater (1990) conceptualized a cultural perspective on market orientation, defining it as the extent to which an organization is focused on its customers and competitors, and integrates all its employees to best serve the market.

> *Market orientation* (*cultural perspective*): the extent of organizational focus on customers and competitors, including employee incentives to serve the customer interests.

While market orientation has shown positive impact on results (Jaworski & Kohli, 1993), its implementation is highly contingent on the engagement of an organization's top management (Kohli & Jaworski, 1990). In the school context, this implies a strong reliance on principals as drivers of market-orientation implementation in schools. Moreover, even though both key contributions to market orientation require consideration of multiple stakeholders when market information is generated, distributed and responded to, this is often misinterpreted as a focus on just one stakeholder group: customers.

2   MARKET-ORIENTATION CONCEPT DEVELOPMENTS: HISTORICAL AND CONTEMPORARY CHALLENGES

Ever since market orientation was conceptualized and measured, highlighting consumers as a source of sustainable competitive advantage (Kumar et al., 2011), firms have been increasingly recognizing consumers as "kings," and have asserted consumer-centricity as their key value. Market orientation, conceptualized as the philosophy of learning about markets, dissemination of this information and adapting to market changes (Jaworski, Kohli, & Sahay, 2000), has become and remains one of the central topics in marketing. Marketing literature generally adopted a view that consumers know what they want, and firms should understand consumer preferences and cater to them (see Ajzen, 1991; Leonard & Rayport, 1997; Kotler & Armstrong, 2009; Kumar et al., 2011; Toubia, Johnson, Evgeniou, & Delquie, 2012).

This narrow understanding of the marketing concept led firms to struggle in markets with diminishing profitability by satisfying existing consumer expectations (Kim & Mauborgne, 1999). Christensen and Bower (1996) critiqued market orientation as a key source of firms' demise in the long run, as firms would remain consumer-led in the face of disruptive innovations. Narver, Slater and MacLachlan (2004) confirmed the idea that simply competing on those aspects that markets value is not sufficient for a firm's success, and especially not for the success of innovative offerings.

Marketing literature addressed this critique in two notable ways: (a) Narver and others (2004) differentiated between responsive market orientation, responding to expressed needs, and proactive market orientation, addressing latent consumer needs (operationalized as the willingness of a company to search for unexpressed consumer needs); while (b) Jaworski and others (2000) proposed that, besides "learning, understanding, and responding to stakeholder perceptions and behaviour within a given market structure" (p. 47) (i.e., being market-driven), firms can be market-driving and manage market structures and player preferences. These authors have stressed that market orientation encompasses an understanding of both expressed and latent consumer needs, which is especially important in educational contexts since they need to respond to current expectations of diverse stakeholders, while simultaneously creating programs/solutions which should satisfy expected future (i.e., latent) stakeholder needs. Market orientation enables firms to balance between exploitation and exploration (Atuahene-Gima, 2005), thus encompassing

and addressing both existing and latent consumer preferences, as well as acting upon the environment and changing consumer preferences (i.e., market-driving strategy) (Jaworski et al., 2000).

In a school context, market-driving and market-driven strategies reflect different assumptions about markets. In a market-driven approach, schools (and their relevant top-management teams, encompassing principals and school boards) consider the market (i.e., the educational context) as being exogenous to school efforts. In this case, the school is considered as an entity responding/adapting to market requirements and realities, without exerting much influence on its context. On the other hand, a market-driving approach implies the school's active role in (re)shaping its environment, which is, in this approach, considered to be, at least in part, endogenous to school efforts. As Carpenter and Nakamoto suggest (1994, p. 172): "[market driving is] a different view of competition in which brands battle over consumer preferences rather than simply responding to them. Competition in such a world becomes a struggle to define consumer preferences with the winner receiving a tremendously valuable asset—a favorable, asymmetric preference structure—producing a persistent…advantage."

Challenges of market orientation in education: The notion of the "educational market" may not be accepted by a school's stakeholders, or even formally established; students and their parents (as "customers") may not be aware of their best interests; and principals and school staff may consider "market orientation" as a deterrent, or could be opposed to any "marketing" effort, considering it as inapplicable to education.

Implementation of market orientation in the education industry, as in the health industry, inherently implies additional challenges. While it is important to consider consumer preferences and respond to them, schools and hospitals (i.e., teachers and doctors) are at the same time expected to be the experts who "know better" what are the best available options for their customers (i.e., pupils and patients). In these industries, implementing a market orientation creates new challenges, as organizations are not able merely to respond to the preferences of customers or other stakeholders, who for their part are not able to identify all available alternatives and

their potential positive and negative impact, but need to implement more sophisticated strategies. In the context of the educational industry, this implies simultaneous:

- consideration of pupils' preferences, where in "non-crucial" areas, decisions are based on pupils' and their parents' preferences (e.g., mode of content delivery, location, etc.)
- identification and implementation of an optimal solution balancing current and future needs/problems, where schools (including teachers, principals, school boards, etc.) should maintain decision-making authority over "crucial" areas of the educational process (e.g., expected qualifications, content and curriculum that ensure those qualifications, etc.)

3   MANAGING MARKET ORIENTATION IN SCHOOLS

As previously described, implementation of the market-orientation concept in schools presents numerous challenges. Its implementation changes the generally well-established *status quo*, in which all stakeholders have clearly identified and sometimes petrified roles. One can argue that there are no individual or organizational benefits to change, but, instead of considering school's context as fixed and by implementing market orientation, a school can be a facilitator of social change, potentially having numerous, strong positive impacts on the local and broader communities.

To address and moderate these challenges, we propose a process, together with a practical "check-list," that can help principals adapt and implement the market orientation concept in the context of a particular school.

> *Situational* (*PEST*, *SWOT*) *and stakeholder analyses:* systematic approach(es) to analyzing the school environments and/or the school stakeholder group(s) and their needs/preferences. Market intelligence is created, on the basis of such analyses.

3.1   *Analysis of the Environment: PEST*

The first step in implementing the market-orientation concept in schools encompasses identification of key environmental characteristics which determine the context for the school's activities. While PEST analysis is

generally performed only for an organization's immediate environment, it would be advisable to analyze multiple contexts in order to determine similarities and differences which could facilitate benchmarking across contexts, and identification of best practices and their underlying principles.

Focusing only on one context, e.g., South-Eastern Europe (SEE), schools might perceive the non-availability of alternatives to already existing patterns, thus making predictable decisions and reducing the competitiveness of the system. For example, while in diverse contexts the choice of a primary school is determined by the pupil's family's residence location, the role of the school in the same context is considered differently. As a result of such "residence-based-distribution" of pupils in primary schools, in SEE and other European contexts) families do not perceive the existence of choice and schools are assumed to be homogenous (i.e., equally distributed educational availability and quality). Such a perspective leads to various aspects of primary schools' non-competitiveness. In the same context, in Europe, a family's home location determines the choice of school, while in the USA/UK (see Foskett 1998) the location of desired school determines the choice of family's home location. As a result, in the USA, primary-school competitiveness leads to labor/life mobility and drives competitiveness of other industries (e.g., real-estate market valuations).

By analyzing specificities of diverse contexts, schools are exposed to a multitude of available alternatives, allowing them to better frame their strategic options. In these analyses, the key is to identify underlying differences in environmental contexts that drive different strategic choices by schools and other stakeholders. This enables further analyses of market-driving options that do not take context as given, but rather aim at changing it.

Diagnosing the environment is a relatively demanding assignment for non-business oriented or educated school principals, especially if they manage public schools, educational institutions perceived as having less "market-driven" incentives. However, either principals' knowledge/skills or their common sense and other relevant diagnostic resources should be engaged in: (a) *observation;* and (b) *forecasting* of issues related to culture, economics, government, general external analysis, scenarios and technology (see Aaker, 2001).

For both aforementioned purposes, various contemporary managerial tools are available. One such tool is the often-used, popular PEST analysis in a variety of forms easily obtainable from secondary academic and non-academic sources. Its condensed categories—**P**olitical,

Economic, **S**ocial and **T**echnological—are four common denominators for classification of all relevant environmental elements into transparent, easy-to-understand and standardized settings. In addition, using PEST analysis in transitional and relatively turbulent social and political environments in regions such as South-East Europe could have additional benefits because of easily obtainable role-modelling practices (i.e., benchmarks) from various local/regional/international business and non-business contexts (e.g., similar schools, other educational institutions, firms, governmental agencies, etc.). Therefore, know-how for PEST analysis implementation in schools exists and is in "user-friendly" format. The "scholastic routine" for PEST-analysis implementation could be a flexible six-step framework (see Fig. 3.1.), a sequence of steps recognized and used by many entities worldwide, as well as by institutions in the SEE region (see: Langer, Alfirevic, & Pavicic, 2005, pp. 157–160):
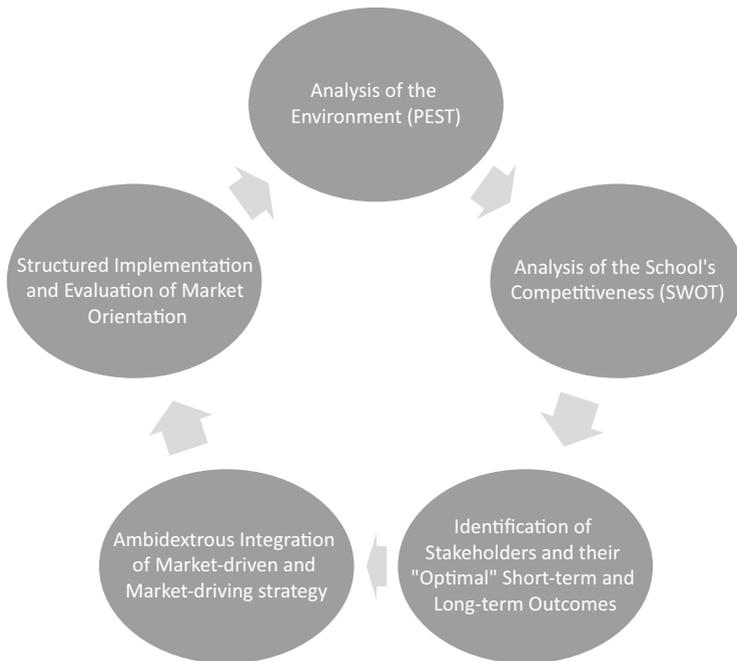

Fig. 3.1   Market orientation implementation process

1. Achieving consensus on the need to conduct a PEST analysis (principal, school board, outsourced advisors);
2. Determining the potential participants and scope of the PEST-analysis process (principal, selected teachers, selected members of the school board, selected pupils, outsourced advisors);
3. Selecting the PEST analysis team/project leader;
4. Collecting *secondary* (already existing documents, reports, articles, books, etc.) and *primary data* (findings of performed surveys, focus-groups, interviews, etc.) relevant for the school environment, organized according to four main groups of elements: P-E-S-T;
5. Selection, analysis and interpretation of collected data relevant for a school and its stakeholders (preparing a consolidated report);
6. Reporting to principal and/or school board; and
7. Application of the PEST analysis findings within general and/or specific school strategies.

3.2   *Analysis of a School's Competitiveness: SWOT*

An even more popular and widely used and recognized situational analysis implemented in numerous business and non-business contexts is the SWOT analysis (**S**trengths, **W**eaknesses, **O**pportunities and **T**hreats). Employing a general and widely used common-sense directive—*analyze yourself/analyze your environment/find a match*—this situational analysis encompasses diagnosing and matching relevant elements of a school's internal and external environment (i.e., both controllable and uncontrollable elements).

Although the SWOT analysis is both cheap and simple to conduct, these benefits might be, ironically, interpreted as its weaknesses, as well. (See examples from the SEE region in: Pavicic, 2003.)

The sequence of steps in the practical performance of a SWOT analysis is quite similar to the one recommended for a PEST analysis (Langer et al., 2005, p. 164):

1. Achieving consensus on the need to conduct a SWOT analysis (principal, school board, outsourced advisors);
2. Determining the potential participants and scope of the SWOT-analysis process (principal, selected teachers, selected members of the school board, selected pupils, outsourced advisors);

3. Selecting the SWOT-analysis team moderator and organizer of session(s) with participants;
4. Collective discussion of S-W-O-T elements and creation of a SWOT matrix according to consensus achieved by all participants;
5. Creation of final SWOT matrix with lists of elements separately categorized as Strengths, Weaknesses, Opportunities and Threats: Moderator should provide suggestions/recommendations regarding each of the relevant elements:
6. Reporting to principal and/or school board; and
7. Application of SWOT-analysis findings within general and/or specific school strategies.

3.3   Identification of Stakeholders and Their Preferences

In order to be able to manage markets, schools (and principals/school boards) need a comprehensive analysis of stakeholders and their goals/preferences/expectations, both expressed and latent. If these are correctly identified, schools can bridge different stakeholders and work toward achieving aligned goals for diverse stakeholder groups.

The first set of stakeholders is those who determine inputs into the educational process: (a) legal context (rules and curricula); and (b) availability of school funding. These stakeholders primarily include local, regional and national governments, as these tend to be the key decision-makers regarding both the legal and financial context for schools. However, with globalization, schools are increasingly faced with global competition, and programs need to be globally competitive and recognized. In addition, increasingly, the role of principals is no longer to disseminate money received by the government. They are increasingly responsible for seeking out funding from foundations, companies, wealthy alumni and other sources of income to stimulate a school's enhanced competitiveness. Principals that do not find a way to create value for the school are increasingly considered not to be doing their job properly. Their job encompasses finding ways to go beyond the minimum expected (for example, starting a school trust to ensure additional funding options for school activities). It can be argued that only schools with proactive principals will be able to create new growth opportunities, beyond the government-funded minimum, in order to enable a school's differentiation and development.

The second set of stakeholders is users of educational services. These stakeholders include pupils. Schools should differentiate between pupils who are currently attending that school and those that the school wants to attract. In the first case, school should exert effort to maximize its

current pupils' intellectual, social and other potential. These pupils benefit from the knowledge gained and skills developed through the educational process, which lead to their personal growth. On the other hand, schools should actively work on drawing the best pupils to their school, i.e., they should have clearly defined approaches for attracting top young talent. As a school manages to attract a greater "quality" of pupils, the potential for their further development and subsequent success is strongly enhanced. In addition, attracting top talent can create a virtuous circle, where talent attracts top teachers, which attract top talent. Such a circle can also encompass attracting top partners for schools, more funds, greater learning opportunities for pupils, etc. Schools should simultaneously extract the maximum from their existing pupils, and strategically attract top talent as future pupils. Such a dual approach requires two separate committees/individuals to devise and execute strategies to achieve both goals.

The third set of stakeholders is direct beneficiaries of the young talent who are the output of the educational process. These stakeholders primarily include educational organizations where pupils continue their education (e.g., high schools or universities) and companies which are continuously looking for top talent in the local and other communities. Business models of both of these stakeholders strongly depend on pupil quality as an important ingredient for their success. Therefore, for these stakeholders, schools play a dual role: (a) development of the potential of young talent; and (b) selection/ranking of pupils according to their capabilities. To fulfill this purpose, besides lectures and evaluation of the knowledge a pupil was able to acquire (i.e., *what* they learn), schools should continuously evaluate/track pupils' cognitive styles and other indicators of *how* they learn, both quantitatively and qualitatively.

The fourth set of stakeholders is indirect beneficiaries of educational-process output. These encompass families and communities. While schools are expected to stimulate and ensure maximum personal growth for pupils, their parents and families have their own expectations of schools. Besides ensuring maximum personal growth, schools should provide a safe environment and increase pupils' likelihood of professional success, i.e., of becoming independent and productive members of society. In many cases, especially in the SEE region, where parents are used to having less choice regarding their children's schooling, schools present a trusted source of necessary information for making informed (or outsourced) educational choices for their children. This role of schools reduces parental risk in making important choices for children and enables choice-making in situations where parents are not competent to make a choice themselves.

Community is an important stakeholder in several ways. First, schools which are recognized as superior draw top talent and their families to the local community, which is likely to stimulate growth and prosperity. Second, as described before, school quality can strongly influence real-estate prices in the community, increasing the wealth of its members (i.e., homeowners). By increasing the desirability of a school, local community can increase taxes, thus acquiring greater revenue for local budgets and allowing for an enhanced quality of life. Great schools also ensure that each young individual is challenged and their potential for professional success is maximized, thus enhancing the likelihood that these individuals will have better salaries (i.e., pay more taxes), better jobs (i.e., have decision-making authority), prefer the same community for their family/children, etc.

3.4   Ambidextrous Integration of Market-Driven and Market-Driving Strategy

In interactions with the above-mentioned stakeholders, schools cannot only respond to the expectations of each stakeholder (be market-driven), but rather should manage and actively shape their expectations (be market-driving). Since each stakeholder might have self-centered, short-term interests which can be in collision with the interests of the community, and even the stakeholder's own the long-term interests, schools need to serve an important role as a community corrective, ensuring long-term prosperity of individuals, organizations and communities. Such balance between fulfilling short-term goals and ensuring achievement of long-term benefits requires an ambidextrous organization (March, 1991). Such organization implies the simultaneous operation of two groups: (a) one in charge of exploitation, i.e., optimization of established school activities executed within the existing system; and (b) one in charge of exploration, i.e., development of new understandings of school and stakeholder interests which can question the existing system and propose advancements.

'*Market-driving*': a proactive approach to market orientation, implying that an organization actively explores its options in the target market, influences market structures and manages relationships with relevant stakeholders.

Therefore, schools should actively identify and evaluate the relative importance of diverse stakeholder-group expectations in order to prioritize them for implementation. Some expectations (e.g., laws) are expected to be followed directly, while others (e.g., mode of lecture delivery) can be best addressed and assessed by each school individually.

Even a highly dynamic approach to prioritization and implementation of solutions addressing stakeholder expectations will not necessarily lead to a school's long-term success. To do so, a school should take an active part in engaging its stakeholders. by means of stakeholder relations, to drive and create systemic changes in education. Such activities can encompass: (a) changing the intensity of stakeholders' involvement with the school (e.g., stimulating individuals/companies/government to take a more active/passive role in educational system); (b) changing the role and intensity of a school's involvement with different stakeholders (e.g., the role school plays for families, the community, etc.); and (c) changing the short-term and long-term expectations of diverse stakeholder groups (e.g., stimulating the postponement of short-term goals to create a virtuous circle, with a school being the key driver of change).

3.5 Structured Implementation and Evaluation of Market Orientation

Once a school has identified the strategy and structure for ambidextrous integration of market-driven and market-driving strategies, implementation follows. As schools and their stakeholders are inherently interwoven, several interdependency challenges arise:

- Geographical Interdependency: This implies global competition across educational systems and schools for top talent and output-recognition. Programs offered by schools need to be globally competitive and ensure pupils' competitiveness at a global level. Therefore, schools should ensure that their curricula/approaches are at the same time comparable to and differentiable from others on the global scale. Geographical interdependency can only grow in importance with the development of global interactive technologies which further intensify competition.
- Platform Interdependency: With the continuous development of educational platforms, education becomes inseparable from delivery platforms. Educational approaches require "modern technologies"

to be included in educational processes, and teachers and the content they provide compete with globally available content via numerous educational (and even non-educational, e.g., Google, YouTube) platforms.

- Time Interdependency: Schools have to reinvent themselves and their programs continuously. One of the key challenges for schools is simultaneously to develop pupils' competencies for today's world, and to envision, and create programs that develop, the competencies which are likely to be in demand in the future. Therefore, curricula should be more fluidly defined, allowing for deviations that would ensure flexibility in adjusting to and creating the demand for a school's outputs (i.e., pupils with highly developed competencies and capabilities).

- Stakeholder Interdependency: Since schools present an important aspect of each community, family and individual, schools and their environment necessarily co-evolve over time. Every decision made by the school influences its environment, which in turn influences the school. Similarly, every change in the school's environment influences the school, which in turn influences the environment. As schools are inseparable from their environment, principals need to be able to grasp the wider concept of environment-school co-evolution as having significant short-term as well as long-term effects.

To manage these interdependencies, ambidextrous organizations should be developed, balancing conflicting exploitation-exploration goals. The market-driven aspect of a school should always: (a) analyze its market and all stakeholders; (b) prioritize among stakeholders and their expectations; (c) identify alternatives for addressing stakeholder expectations; (d) select the best alternative; (e) define the implementation team, resources and time-plan for activities; and (f) execute. At the same time, the market-driving aspect of a school should perpetually question existing dogma by: (a) identifying all current and potential stakeholders; (b) identifying utility functions of diverse stakeholder groups and their interdependencies; (c) identifying diverse, non-obvious elements of their utility functions and the mechanisms that lead to outcomes; (d) selecting the best alternative; (e) defining the implementation team, resources and time-plan for activities; and (f) executing. It is advisable that these

two teams work separately and be linked only through their nexus—the school principal (see Tushman, 2014).

4   MARKET ORIENTATION IN THE SEE CONTEXT

One of the key challenges of market-orientation implementation in the SEE region comes from the negative perception of introducing "economic principles" (and anything related to a business approach) to schools, which has been called "economic extremism flourishing in education" (Magyari-Beck, 2003: p. 69). It is often argued that educational challenges, given their broad social impact, might *not* be best addressed "on the basis of economics" (Magyari-Beck, 2003; p. 70).

Due to long periods of stable education systems and mild reform, most changes in SEE will require long incubation periods in order for all stakeholders to accept schools' new strategic approach and more active role in managing stakeholder relations (Karstanje & Webber, 2008). However, one can see the increasing importance of school competitiveness, primarily at high-school levels, where competitiveness was primarily stimulated by introduction of standardized student evaluations upon finishing high school (Logaj & Trnavčevič, 2006). Such tests provided objective information about the "quality of schools' output," leading to some schools being regarded as better than others.

Challenges of market orientation in South-East European educational systems: Educational reforms often disregard aspects not directly related to curriculum and educational outcomes. Bureaucratic accountability still prevails in educational systems, and there is no social consensus about the role of the market in education.

While the introduction of such competitive factors is notable, most reforms in the SEE region are oriented toward curriculum or education-outcomes reforms (Brejc & Poličnik, 2012), disregarding other important aspects of educational-system change, such as structural and cultural changes likely to drive innovation in the way schools are managed. In addition, although parents generally give equal weight to academic and child-centered values (Woods, Bagley, & Glatter, 1996), schools in SEE

are focused strongly on academic considerations, disregarding, often due to funding reasons, child-centered values.

With respect to the above-mentioned challenges, the following activities are likely to stimulate a broader evaluation of schools' competitiveness and role in bridging diverse stakeholder interests:

- Management: Schools' Top-Management Teams' "Duality."

- Since principals are innately interested in "being the leaders of professional work environment aligned with schooling, teaching and learning" (Larusdottir, 2014), to stimulate market-orientation implementation in SEE schools, it might be advisable to organize schools' top management teams into two roles: (a) the principal, in charge of academic and scholastic qualities; and (b) a manager, in charge of managing and marketing the school, defining strategies and ensuring resources for strategy execution. These roles can be executed by two different individuals, or can also be integrated in one individual with adequate competencies in both roles.
- Culture: Organizational Culture Change.
- While principals and teachers tend to see themselves primarily as academic experts, and tend to consider introduction of market principles to be negative (Oplatka, 2006), it is of paramount importance to change these norms and create a culture where school is not a mere disseminator of knowledge following standardized curricula, but a highly competent organization with strong influence on the lives and success of diverse stakeholders. An important component is introduction of "market-driving teams" who should be focused on active interactions with stakeholders to mold their expectations for a "greater good." Introduction of such a culture is likely to stimulate activities that would create a virtuous circle of positive returns to the school and stakeholders.
- Accountability: Market vs. Bureaucratic Accountability.

- As SEE evolves increasingly toward a market economy, it will be important to introduce non-bureaucratic accountability indicators for schools, which enable pupils and their families to make better informed decisions (see Garn, 2001). Moving away from formal bureaucratic measures of school performance will enhance the importance of the market valuation of schools by diverse stakeholders. Such a change will align schools' goals with those of interested stakeholders and further stimulate the desired organizational culture.

It is important to note that implementing these principles to stimulate market orientation in schools should not be interpreted as "educational quality reduction" in favor of "other worthy goals." These are not conflicting goals. Rather, implementation of market orientation is likely to stimulate schools' broader impact, introducing their role as an important social bridge across and within social groups, stakeholders, periods of time, etc.

5   Concluding Remarks

Literature on market orientation (Narver & Slater, 1990) shows that implementation of such market orientation has strongly significant positive linear influence on organizational performance in the case of differentiated products/services. While in certain countries (e.g., the USA) schools can be considered as differentiated, in other countries (e.g., Croatia) schools are mainly considered to offer non-differentiated commodity services. In such a context, the literature (Narver & Slater, 1990) shows a U-shaped relationship between market orientation and organizational performance, thus implying that schools should either fully implement market orientation, or not implement it at all. An intermediate level of implementation leads to the worst outcomes. Not implementing market orientation will result in schools executing predetermined activities, as defined by relevant regulators, and thus not "wasting" resources on "unnecessary" understanding and interaction with their environments in all their complexity, as is the case with schools implementing an intermediate level of market orientation. However, those schools that fully implement the market-orientation concept are likely to be rewarded in terms of both short-term and long-term performance.

In many if not most schools worldwide, infrastructure/funding for proper implementation of market orientation might be inadequate, thus stimulating various improvisations. However, even if implementation of market orientation follows certain simple "guerilla" patterns and shortcuts (Levinson, Adkins, & Forbes, 2010), such shortcuts should follow a certain sequence of planning-implementation-control routines, as with any other entity in the for-profit or non-profit sector. Of course, sometimes ideas of market orientation might be seen to lack "tangibility" regarding the results of its implementation in institutions such as schools, especially public schools.

Successful implementation of market orientation in schools brings benefit not only to schools and their local stakeholders, but to the image of the entire educational industry. If we consider some recent bestselling books on education, such as Amanda Ripley's *The Smartest Kids in the World*

(Ripley, 2014), where school principals are identified as one of the crucial elements of every education puzzle, it follows that principals themselves should find unique ways to implement market orientation and participate in wide public attention to and the popularity of schools, teaching and studying, in order to improve the perpetually changing education industry in all relevant aspects. As John F. Kennedy said: "*Things do not happen. Things are made to happen.*"

NOTES

1. In terms of providing high-quality education not only for members of rich and powerful families, but for everyone—by "stealing" from the rich in order to support "poor people"— according to the traditional, well-known reputation of the popular folk figure Robin Hood.
2. In terms of dealing with social class conflicts – tensions existing in every society, leading to radical social and economic changes (see *Communist Manifesto* (e.g., Marx & Engels, 1998 edition) and all "derived" literature on social antagonisms and, in many cases, more or less violent social struggle).
3. **P**olitical, **E**conomic, **S**ocial, **T**echnological interdependent environments.
4. Adapted from O'Shaughnessy & O'Shaughnessy(2002). This original text provides valuable insights on categories relevant to (re)considering marketing within contemporary consumer societies.
5. For more information, see: http://thielfellowship.org/ (November, 2015)

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