

Market Orientation, Competitive Environment, and Value Creation in Private Higher Education: Evidence from Palembang During COVID-19

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Received: 21st May 2025/ **Revised:** 12th August 2025/ **Accepted:** 14th August 2025

How to Cite: Maulana, A., Clara, C., & Novalia, N. (2025). Market orientation, competitive environment, and value creation in private higher education: Evidence from Palembang during COVID-19. *Binus Business Review*, 16(3), 291–302. <https://doi.org/10.21512/bbr.v16i3.13606>

ABSTRACT

The research addressed a gap in the literature by examining how market orientation and competitive environment jointly influenced value creation and marketing performance in private Higher Education Institutions (HEIs), a relationship that remained underexplored, particularly in emerging economies during the COVID-19 recovery period. While previous studies had examined market orientation or competitive factors in isolation, few had integrated these constructs with the mediating role of value creation in the context of service marketing for HEIs. Data were collected through purposive sampling from 225 students enrolled in private universities in Palembang, South Sumatra, Indonesia, between July and September 2023. Ordinary Least Squares (OLS) regression was employed due to the observed variables, relatively small sample size, and the need for a parsimonious model estimation. The findings show that the competitive environment significantly enhances value creation, whereas market orientation does not significantly affect value creation. Market orientation has a direct positive impact on marketing performance, while the competitive environment exerts a negative influence. Moreover, value creation partially mediates the relationship between competitive environment and marketing performance, but not between market orientation and marketing performance. These results highlight the strategic role of value creation in navigating environmental challenges and sustaining marketing effectiveness. The research contributes to the literature by integrating competitive environment into the market orientation–performance framework in the under-researched context of Indonesian private HEIs. It also offers practical implications for institutional leaders to align their strategic orientation with value-driven initiatives to enhance competitiveness.

Keywords: market orientation, competitive environment, value creation, private higher education

INTRODUCTION

The COVID-19 pandemic has triggered a global economic downturn, resulting in widespread layoffs and increased unemployment across multiple sectors, including higher education. In Indonesia, students' financial capacity to pay tuition fees and the limitations of online credit mechanisms have created significant challenges for universities (Estébanez et al., 2023).

Moreover, students conducting thesis research have faced constraints in accessing field data and academic supervision, often leading to delays in graduation. Nonetheless, crises often provide opportunities for transformation. With effective utilization of internal resources, Higher Education Institutions (HEIs) can create value, enhance their competitive advantage, and improve organizational performance (Mothafar et al., 2024; Zhao et al., 2024). In competitive environments,

marketing strategies integrated with organizational goals are vital to achieving performance targets (Mohammad & Wasiuzzaman, 2021), especially in the higher education sector, where universities are required to be more responsive and strategic to survive and thrive (Ayoo, 2023; Estébanez et al., 2023). Private HEIs play a critical role in expanding access to higher education, particularly in emerging economies where public universities often have limited capacity. Market orientation and competitive environment have been widely recognized as strategic determinants of marketing performance in the service sector (Ed-Dafali et al., 2023; Gotteland et al., 2020). However, their integrated role in value creation and performance outcomes remains underexplored in the context of HEIs.

The rise of digitalization has redefined the competitive landscape, particularly in the service sector, creating volatile and unpredictable conditions. Organizations must continually innovate in business, technology, and management to attain a sustainable competitive edge (Dabbous et al., 2023). In Indonesia, the sudden onset of the pandemic has forced over 97% of universities to shift to online learning, significantly affecting the Tridharma of higher education. Traditional face-to-face teaching has rapidly shifted to virtual platforms, even for academic ceremonies (Aboramadan et al., 2022; Haleem et al., 2022; Qian et al., 2022). This shift coincides with the launch of the Merdeka Belajar Kampus Merdeka policy, which encourages institutional innovation through curriculum flexibility, external collaborations, and autonomous accreditation processes (Sahri et al., 2025). Failure to adapt to changing market conditions poses significant risks for private HEIs, including declining enrolment rates, reduced student satisfaction, financial instability, and eventual loss of competitiveness (Scott & Guan, 2022). These challenges are particularly acute in regions where private HEIs depend heavily on tuition revenue and face intense competition from both domestic and international institutions.

The COVID-19 pandemic has amplified these challenges by accelerating shifts in learning modalities and altering student expectations. However, beyond the immediate pandemic context, private HEIs continue to face ongoing structural pressures, such as digital disruption in education delivery, evolving government regulations, demographic changes affecting student cohorts, and intensifying competition driven by globalization and technological innovation. Simultaneously, reduced government funding has intensified competition among universities, compelling them to adopt a market-oriented approach to secure financial resources and student enrollments. In this context, universities must design programs that respond to market needs while delivering superior value to students (Ed-Dafali et al., 2023; Mothafar et al., 2024; Zhao et al., 2024). Therefore, marketing strategies must focus on value creation that aligns institutional capabilities with student expectations (De Jong et al., 2021; Dimitrios et al., 2023). The disparity

in student enrollment numbers reflects varying consumer preferences, further influenced by economic considerations and institutional resources (Du et al., 2022; Mothafar et al., 2024). Universities with the ability to highlight their uniqueness, foster innovation, and meet student needs are more likely to earn public trust and improve societal perceptions.

However, for newly established private institutions, which depend heavily on student tuition fees, declining enrollments can hinder both operations and marketing efforts (Tjahjadi et al., 2022). The intense competition among private universities requires them to optimally leverage their internal resources and design innovative, student-centered strategies (Uddin et al., 2025; Uralov, 2020). Despite the increasing marketization of education, service marketing in higher education remains underexplored. Many university leaders still treat education as a social service, overlooking the significance of customer satisfaction as emphasized in business organizations (Fauzi et al., 2024; Teichler, 2023). As such, a business-oriented strategy that focuses on value creation is critical for assessing the performance of organizational resources against national standards.

Market orientation is a key determinant of marketing excellence, as it generates timely and actionable market intelligence that enables institutions to deliver superior customer value (Falahat et al., 2020). It also reflects a continuous organizational commitment to understanding customer needs, monitoring competitors, and ensuring cross-functional coordination (Scott & Guan, 2022). By doing so, market-oriented institutions are more capable of identifying value opportunities and enhancing their value creation capability. Therefore, the following hypothesis is proposed:

H1: Market orientation positively influences value creation.

In today's highly competitive landscape, marketing performance serves as a critical benchmark for assessing the effectiveness of organizational strategies (Erhan et al., 2024). It is commonly reflected in measurable outcomes such as sales growth, market share, and customer retention, which indicate the success of strategic initiatives (Wu et al., 2024). These outcomes are directly influenced by marketing activities, such as sales volume and customer turnover, and shaped by complex interactions among firms, employees, and customers (Huang, 2022; Wibowo et al., 2020). Within such an environment, competition drives organizations to continuously create and deliver superior value to sustain their market position. Accordingly, the following hypothesis is proposed:

H2: Competitive environment positively influences value creation.

Previous researchers, such as Kohli and Jaworski (1990) and Slater and Narver (2000), are

among the earliest scholars to formalize the concept of market orientation. They identify three fundamental dimensions of a market-oriented organization: customer focus, competitor orientation, and inter-functional coordination. These dimensions enable firms to better understand market dynamics and deliver superior value to their target customers. Building on this foundation, recent studies have demonstrated that market orientation enhances an organization's ability to attract and retain customers (Capponi et al., 2021; Gao et al., 2021; Li et al., 2023), thereby improving customer satisfaction and long-term profitability (Othman et al., 2021). Hence, the following hypothesis is proposed:

H3: Market orientation positively influences marketing performance.

While the concept of market orientation has been extensively applied in the business sector, its adoption within HEIs remains debated. Universities today face increasingly complex challenges, including intensified competition, evolving stakeholder expectations (Guerrero et al., 2021), and the growing need for sustainable value creation (Najjar & Ascione, 2020). Although some scholars express concern that viewing students as customers may risk undermining academic rigor (Ghamrawi et al., 2024; Mothafar et al., 2024), market orientation is nonetheless regarded as a vital strategic approach for improving institutional competitiveness (Heffernan et al., 2021; Jameson et al., 2022). Within this context, the competitive environment plays a crucial role in shaping how HEIs design and implement marketing strategies to enhance performance. Therefore, the following hypothesis is proposed:

H4: Competitive environment positively influences marketing performance.

The concept of value creation is central to achieving sustainable competitive advantage across both commercial and educational institutions. In the context of higher education, universities must deliver superior value through high-quality academic programs and student-centered services to attract and retain students in an increasingly competitive marketplace (Haleem et al., 2022; Qian et al., 2022). According to Kotler et al. (2021), value creation encompasses three essential activities (creating, communicating, and delivering value) that collectively foster customer satisfaction and shape a positive institutional image. While prior research has examined market orientation and competitive environment as independent antecedents of performance across various sectors, few studies have integrated these constructs by considering the mediating role of value creation (Tjahjadi et al., 2022), particularly within educational service settings operating under competitive environmental conditions. Moreover, empirical evidence from the Indonesian higher education context, especially during the post-

COVID-19 recovery period, remains limited. Hence, the following hypothesis is proposed:

H5: Value creation positively influences marketing performance.

Moreover, organizational success is heavily influenced by its ability to respond to a dynamic competitive environment. Industry success is determined by how effectively an organization interacts with external forces, including competitors, regulators, and customers (Porter, 2011). Ignoring environmental shifts can hinder growth and limit innovation (Le Thanh et al., 2022; Mohammad & Wasiuzzaman, 2021). Conversely, a nuanced understanding of competition can spark creativity and inform strategic decision-making (Petrou et al., 2020; Samson & Bhanugopan, 2022). Whether formal or informal, every organization must define a competitive strategy that aligns marketing efforts with the broader business context (Yu et al., 2023).

In sum, marketing performance in higher education is intricately linked to market orientation, value creation, and the institution's responsiveness to environmental competition. The research seeks to investigate these interrelationships, contributing to the understanding of how universities can enhance marketing effectiveness while navigating the tension between academic values and market imperatives.

Previous studies have demonstrated the relevance of value creation in influencing marketing performance. For instance, Gotteland et al. (2020) have confirmed a positive relationship between value creation and marketing performance. Meanwhile, private universities, despite having comparable market influence, differ in resources, capabilities, and perceptions of student needs, which ultimately affect their competitive positioning (Riccomini et al., 2021). As argued by Cantele and Cassia (2020), competition encourages institutions to innovate and assert their unique advantages. The following hypotheses are proposed (see Figure 1).

The research addresses these gaps by examining the relationships among market orientation, competitive environment, value creation, and marketing performance within private HEIs in Palembang, Indonesia, during the COVID-19 recovery period. It contributes to the literature by (1) incorporating competitive environment as a key antecedent alongside market orientation in the value creation-marketing performance framework, (2) testing the mediating role of value creation, and (3) offering contextual insights relevant to emerging economy higher education systems. The research novelty lies in its integration of competitive environmental dynamics into the market orientation-performance paradigm in a post-pandemic educational context.

METHODS

The research uses both primary and secondary

data. Secondary data are obtained from relevant scientific books and peer-reviewed articles, serving as the theoretical foundation. Primary data are collected directly from respondents through a structured questionnaire distributed via Google Forms. The respondents are students from private higher education institutions in Palembang, Indonesia, selected through purposive sampling to ensure relevance to the research context. The sampling criteria include active enrollment status during the COVID-19 period and experience in assessing institutional marketing-related activities. A total of 225 valid responses were obtained from July to September 2023, yielding a response rate of 85%.

The questionnaire is developed based on validated measurement scales from prior studies (see Table 1) and adapted to fit the research context. Items are measured on a five-point Likert scale ranging

from 1 (“Very Poor”) to 5 (“Very Good”), enabling respondents to express varying levels of satisfaction or perceived performance. Prior to the main survey, a pre-test with 30 respondents has been conducted to ensure the clarity and reliability of the instrument.

Data analysis employed Ordinary Least Squares (OLS) regression, justified by the scale type, the continuous nature of the dependent variable, and the sample characteristics. Figure 1 presents the research model and its linkage to the proposed hypotheses. The analytical procedure includes validity and reliability testing, with the *r*-table threshold determined by the sample size and Cronbach’s alpha assessed against the commonly accepted minimum of 0.70. Multicollinearity is examined using the Variance Inflation Factor (VIF) with a threshold of ≤ 5 . Then, mediation analysis is conducted using the Sobel test, preferred over bootstrapping due to the relatively

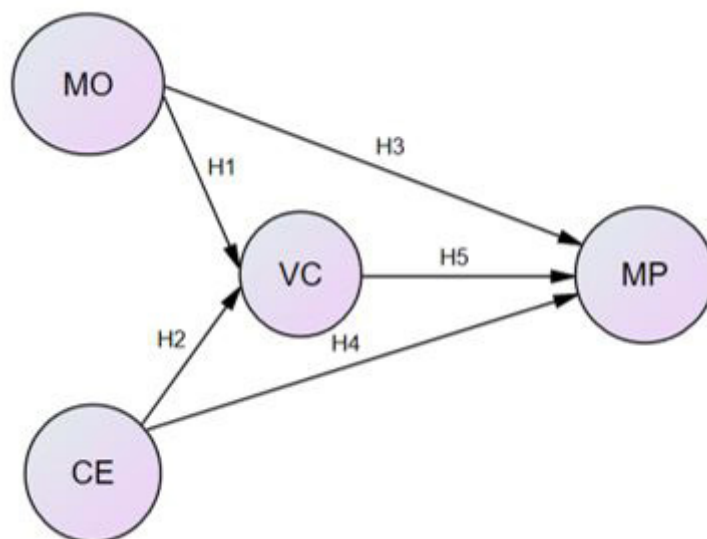


Figure 1 Conceptual Framework

Note: VC is value creation, MP is marketing performance, MO is market orientation, and CE is competitive environment.

Table 1 Variable and Scale

Notation	Variable	Indicator
MO	Market Orientation (Kohli & Jaworski, 1990; Slater & Narver, 2000)	Direct relationship with students Responses to changing student needs Responses to student complaints
CE	Competitive Environment (Erhan et al., 2024)	Competition in attracting new students Competition in the quality of the learning process
VC	Value Creation (Haleem et al., 2022; Qian et al., 2022)	The ability of higher education management to increase benefits for students Higher education management capabilities in curriculum renewal
MP	Marketing Performance (Wu et al., 2024)	Achievement of new student targets Length of student study Absorption of graduates in the job market

small sample size and the parametric assumptions underlying the research design. Statistical significance is assessed through F-tests, t-tests, and R-squared values (Hair et al., 2021).

The specifications of the proposed model are presented in the form of two equations. The first equation relates to value creation and is expressed in Equation (1). Equation (1) is used to test hypotheses H1 and H2. Then, the second equation focuses on marketing performance. Equation (2) serves to test hypotheses H3, H4, and H5. These structural equations illustrate the relationships between market orientation (MO), customer engagement (CE), value creation (VC), and marketing performance (MP) within the proposed conceptual model.

$$VC = \beta_1 MO + \beta_2 CE + \epsilon_1, \quad (1)$$

$$MP = \beta_3 MO + \beta_4 CE + \beta_5 VC + \epsilon_2. \quad (2)$$

RESULTS AND DISCUSSION

Table 2 presents the outcomes of the validity and reliability assessments, which are essential for evaluating the robustness of the measurement model in representing the intended theoretical constructs. Construct validity is assessed by examining the correlation coefficients between each measurement item and its corresponding construct, with a critical threshold set at the r-table of 0.138. The analysis reveals that all items under the constructs of market orientation, competitive environment, value creation, and marketing performance exhibit correlation values that exceed this threshold, confirming their validity. Specifically, the item correlations range from 0.632 to 0.831 for market orientation, 0.839 to 0.861 for competitive environment, 0.759 to 0.843 for value creation, and 0.613 to 0.705 for marketing performance.

These values indicate that the items are appropriately aligned with their respective constructs and provide an accurate representation of the underlying theoretical dimensions.

Reliability is evaluated using Cronbach's alpha, with values above 0.70 considered indicative of acceptable internal consistency (Hair et al., 2021). The reliability coefficients for each construct are as follows: market orientation (0.851), competitive environment (0.870), value creation (0.891), and marketing performance (0.762). All constructs exceed the established threshold, demonstrating that the measurement model possesses strong internal consistency. Notably, the value creation and competitive environment exhibit particularly high reliability scores, underscoring the precision and consistency with which they are measured.

In short, the findings from the validity and reliability analyses confirm that the measurement model employed is both sound and reliable. The constructs are effectively captured through their respective indicators, and the model demonstrates robust internal consistency. These results provide a strong empirical foundation for the subsequent phases of statistical analysis and model testing, ensuring that the data collected are suitable for drawing meaningful and reliable conclusions.

As presented in Table 3, two regression models are estimated to test the proposed hypotheses. The findings are discussed according to each hypothesis. The results show that market orientation has an insignificant effect on value creation ($\beta = 0.016$, $p = 0.679$). This result indicates that market-driven behaviors alone do not substantially stimulate value creation within private universities. Institutions may adopt market-oriented practices, such as monitoring competitors and understanding student needs. However, these efforts may not directly translate into

Table 2 The Results of Validity and Reliability Test

Number of Questions	MO	CE	VC	MP	R-Table	Criteria
1	0.785	0.839	0.842	0.613	0.138	Valid
2	0.831	0.853	0.843	0.705	0.138	Valid
3	0.815	0.846	0.834	0.680	0.138	Valid
4	0.702	0.861	0.840	0.683	0.138	Valid
5	0.772	-	0.759	0.307	0.138	Valid
6	0.632	-	0.698	0.509	0.138	Valid
7	-	-	-	0.708	0.138	Valid
8	-	-	-	0.693	0.138	Valid
Reliability Test						
Cronbach's Alpha	0.851	0.870	0.891	0.762	r-critical: 0.70	Reliable

Note: VC is value creation, MP is marketing performance, MO is market orientation, and CE is competitive environment.

Source: Authors' Calculation (2024)

value creation unless supported by innovation and internal alignment. Therefore, H1 is rejected.

The analysis reveals a strong and significant positive effect of competitive environment on value creation ($\beta = 1.191$, $t = 23.082$, $p = 0.000$). This finding suggests that the more competitive the external environment becomes, the greater the institutional motivation to innovate, differentiate, and deliver superior value to students. In dynamic higher education markets, competition can act as a catalyst for strategic creativity and service enhancement. Thus, H2 is accepted.

The results indicate that market orientation has a positive and significant effect on marketing performance ($\beta = 0.443$, $t = 7.620$, $p = 0.000$). This result confirms that institutions with a stronger market orientation—those that effectively understand stakeholder needs, monitor competitors, and coordinate internal activities—achieve higher levels of marketing performance. This finding supports the argument that aligning academic and administrative strategies with market signals enhances institutional visibility, enrolment outcomes, and stakeholder satisfaction. Therefore, H3 is accepted.

Contrary to expectations, the competitive environment demonstrates a significant negative effect on marketing performance ($\beta = -0.353$, $p = 0.017$). This result suggests that intense competition may place downward pressure on performance, particularly when institutions lack adaptive capabilities or sufficient differentiation strategies. Without a robust response to external pressures, universities may struggle to maintain brand positioning and operational efficiency. Hence, H4 is rejected.

Next, the results confirm that value creation exerts a significant positive impact on marketing performance ($\beta = 0.260$, $p = 0.008$). Institutions that successfully create and deliver superior value through program quality, service excellence, and stakeholder engagement tend to achieve stronger marketing

outcomes. Thus, value creation serves as a crucial driver of competitive advantage and institutional sustainability in higher education. Therefore, H5 is accepted.

Further analysis is conducted to assess the mediating role of value creation as presented in Table 4. The results indicate that value creation does not mediate the relationship between market orientation and marketing performance because the path from market orientation to value creation is insignificant ($\beta = 0.016$, $p = 0.679$). This result suggests that the influence of market orientation on marketing performance is direct rather than mediated. Conversely, value creation partially mediates the relationship between competitive environment and marketing performance. Although the direct effect of competitive environment on marketing performance is negative and significant ($\beta = -0.353$, $p = 0.017$), the indirect pathway through value creation is positive and statistically significant ($\beta = 1.191$, $p = 0.000$). This result indicates that while intense competition may initially hinder performance, institutions that strategically engage in value creation can counterbalance these pressures and ultimately enhance their marketing outcomes.

The statistical results presented in Table 5 indicate that all VIF values range between 1.001 and 2.706, which are well below the accepted threshold of 5. This result confirms that multicollinearity is not a concern in the model, and the independent variables are sufficiently distinct. The standard errors of the estimates, which range from 0.039 to 0.147, suggest that most coefficient estimates are stable and precise, except for the slightly higher value in H4, indicating modest variability in that relationship. Furthermore, the t-statistics and corresponding probability values show that three out of the four hypotheses are statistically significant. Specifically, the paths from competitive environment to value creation (H2; $t = 23.082$, $p < 0.001$), market orientation to marketing performance (H3; $t = 7.620$, $p < 0.001$), and competitive environment

Table 3 Summary of Hypotheses Testing

Hypothesis	Path Relationship	Standardized Coefficient (β)	P-Value	Result	Interpretation
H1	Market Orientation → Value Creation	0.016	0.679	Rejected	Market orientation does not significantly enhance value creation in private HEIs.
H2	Competitive Environment → Value Creation	1.191	0.000	Accepted	A more competitive environment drives institutions to create and deliver greater value.
H3	Market Orientation → Marketing Performance	0.443	0.000	Accepted	Market orientation significantly improves marketing performance through better alignment with market needs.
H4	Competitive Environment → Marketing Performance	-0.353	0.017	Rejected	High competition negatively affects marketing performance when not supported by adaptive strategies.
H5	Value Creation → Marketing Performance	0.260	0.008	Accepted	Value creation significantly enhances marketing performance in private HEIs

Source: Authors' Calculation (2024)

to marketing performance (H4; $t = -2.407$, $p = 0.017$) demonstrate significant effects. In contrast, the relationship between market orientation and value creation (H1; $t = 0.415$, $p = 0.679$) is not significant. These findings indicate that while market orientation alone does not directly influence value creation, both market orientation and competitive environment exert significant effects on marketing performance.

Next, as presented in Table 5, the model explains 65.4% of the variance in marketing performance (Adjusted R-squared = 0.654), with an F-statistic of 22.193 ($p = 0.000$) indicating strong explanatory power. Diagnostic tests confirm that the assumptions of normality ($p = 0.314$) and homoscedasticity ($p = 0.442$) are met. Furthermore, the Sobel test reveals a significant mediating effect of value creation ($z = 7.865$, $p < 0.001$).

The empirical findings indicate that market orientation does not have a significant effect on value creation. Although the relationship is positive in direction, the absence of statistical significance is consistent with the results reported by Quintás et al. (2025) and Vu and Tolstoy (2025), who have found

a similar non-significant relationship. However, these findings contrast with prior studies by Gotteland et al. (2020) and Zhou et al. (2005), identifying a significant and positive influence of market orientation on value creation. This discrepancy may be attributed to differing conceptualizations of market orientation. According to Slater and Narver (2000), it is a cultural orientation that emphasizes customer focus, competitor awareness, and interdepartmental coordination to achieve long-term profitability. On the other hand, according to Kohli and Jaworski (1990), it is a set of behaviors focused on generating, disseminating, and responding to market intelligence. Within the context of private higher education, where indicators of market orientation include student engagement and responsiveness to complaints, these behavioral aspects may not necessarily result in tangible value creation as defined in the research.

In contrast, the research finds that the competitive environment has a significant and positive effect on value creation. This finding supports the view that heightened competition compels institutions to innovate and deliver greater stakeholder value

Table 4 Mediation Analysis Summary

Mediating Path	Direct Effect	Indirect Effect	Result	Interpretation
Market Orientation → Value Creation → Marketing Performance	Significant direct ($p = 0.000$), insignificant indirect ($p = 0.679$)	—	No Mediation	Market orientation directly affects marketing performance without mediation by value creation.
Competitive Environment → Value Creation → Marketing Performance	Negative direct ($\beta = -0.353$, $p = 0.017$), positive indirect ($\beta = 1.191$, $p = 0.000$)	Partial	Partial Mediation	Value creation offsets the negative effect of competition and enhances marketing outcomes.

Source: Authors' Calculation (2024)

Table 5 Results of Structural Model Assessment

Relationships	Coefficients	Standard of Error	T-Statistics	Probability	VIF
H1: MO → VC	0.016	0.039	0.415	0.679	1.273
H2: CE → VC	1.191	0.052	23.082	0.000	1.382
H3: MO → MP	0.443	0.058	7.620	0.000	1.001
H4: CE → MP	-0.353	0.147	-2.407	0.017	2.706
H5: VC → MP	0.260	0.105	2.662	0.008	1.704
Summary Model					
Adjusted R ²	0.654				
F-statistic	22.193 (0.000)				
Sobel test (z)	7.865				
Diagnostic Test					
Normality	0.314				
Heteroscedasticity	0.442				

Note: VIF is Variance Inflation Factor, VC is value creation, MP is marketing performance, MO is market orientation, and CE is competitive environment.

Source: Authors' Calculation (2024)

(Palmié et al., 2023; Rentschler et al., 2025). Private HEIs that actively respond to competitive pressures, such as by updating curricula or improving service quality (Tjahjadi et al., 2022), are more likely to generate perceived benefits for stakeholders, thereby strengthening their market position.

The second model validates that market orientation, competitive environment, and value creation significantly influence marketing performance, in line with previous findings by Gotteland et al. (2020). Among these variables, market orientation stands out as a strong positive predictor, highlighting the strategic importance of aligning institutional operations with market demands and expectations (Liang et al., 2024; Xing et al., 2023). In contrast, the competitive environment demonstrates a negative direct effect on performance, suggesting that in the absence of proactive internal strategies, such as developing distinctive value propositions, competitive pressures may actually hinder institutional performance. Importantly, the presence of value creation serves to buffer this negative effect, emphasizing its critical role in maintaining and enhancing marketing outcomes under competitive conditions.

The mediation analysis reveals two distinct pathways. First, in the relationship between market orientation and marketing performance, the absence of mediation suggests a direct positive impact, potentially driven by immediate strategic actions, such as targeted communication, brand positioning, or student recruitment initiatives. Second, in the relationship between the competitive environment and marketing performance, value creation serves as a key mediating factor. This result indicates that competitive conditions can stimulate value innovation, which subsequently contributes to improved marketing performance. These findings are consistent with the perspectives of Broccardo and Zicari (2020) and Font et al. (2021), underscoring the ability of organizations to transform competitive pressure into a sustainable competitive advantage through effective value creation strategies.

The overall model explains 65.4% of the variance in marketing performance, indicating strong explanatory power. This finding affirms that market orientation and competitive environment, when integrated with value creation, can significantly influence performance outcomes in the education sector. These results are consistent with the studies of Yang et al. (2023), highlighting the importance of aligning internal capabilities with external demands. However, the remaining 34.6% of unexplained variance suggests that other factors, such as brand image, marketing strategies, or competitive resources, may also contribute to marketing performance, as proposed by Gotteland et al. (2020), Tjahjadi et al. (2022), and Yang et al. (2023). This result opens opportunities for future research to incorporate additional variables and develop a more comprehensive model.

The research underscores the pivotal role of value creation as a mediating mechanism between market orientation, competitive environment, and marketing

performance in private HEIs. The findings reveal that while market orientation exerts a consistent and direct influence on marketing performance, the competitive environment alone does not lead to performance improvement unless accompanied by deliberate value creation initiatives. In fact, the negative effect of competitive environment on marketing performance suggests that heightened competitive pressures can erode institutional performance when not strategically managed. The insignificance of market orientation in the value-creation pathway in the Indonesian higher education context may reflect cultural and policy factors, such as strong regulatory constraints, limited differentiation in academic offerings, and reliance on traditional recruitment practices, which weaken the translation of market orientation into tangible value for stakeholders. This result highlights the importance of contextualizing strategic marketing frameworks when applied to non-profit, service-driven sectors in emerging economies.

For leaders of private HEIs in Indonesia, the results indicate the importance of adopting integrated strategies that balance market awareness with active value creation. Rather than reacting defensively to competitors, institutions should strengthen stakeholder engagement by co-developing programs and services that address evolving student and industry needs. It requires continuous dialogue with key stakeholders and the incorporation of their feedback into institutional planning and program development.

Another priority is to differentiate academic offerings through curriculum innovation, applied learning opportunities, and strategic partnerships that enhance graduate employability. Such initiatives not only meet the immediate demands of the job market but also build a competitive advantage grounded in unique educational experiences. Service quality in critical areas, such as admissions, academic advising, and digital learning infrastructure, should also be enhanced to create a distinctive value proposition that appeals to both prospective students and industry partners.

Equally important, marketing strategies must align with the institutional mission. It is to ensure that promotional activities reinforce long-term brand positioning rather than merely boosting short-term enrolment figures. By embedding value creation into competitive strategy, private HEIs can transform environmental challenges into opportunities for sustainable performance improvement, fostering resilience and adaptability in an increasingly competitive higher education landscape.

By embedding value creation into competitive strategy, private HEIs can transform environmental challenges into opportunities for sustainable performance improvement. This approach encourages institutions to focus on delivering meaningful educational experiences, developing innovative learning models, and strengthening relationships with students and communities. Consequently, value creation becomes a dynamic capability that

fosters resilience and adaptability in an increasingly competitive higher education landscape, ensuring both strategic differentiation and long-term institutional sustainability.

Overall, the findings highlight the complex interplay between market orientation, competitive environment, value creation, and marketing performance within private higher education institutions. While market orientation directly enhances marketing performance, its influence on value creation remains limited, suggesting that understanding market needs alone is not sufficient without simultaneous innovation and value delivery mechanisms. The competitive environment, on the other hand, exerts dual effects, posing challenges that not only may suppress performance but also stimulate institutions to engage in more proactive value creation. Importantly, value creation emerges as a critical lever that not only strengthens marketing performance but also mitigates the negative pressures of intense competition. These insights underscore the need for private HEIs to balance market responsiveness with strategic differentiation, emphasizing value creation as a core dynamic capability for achieving sustainable competitiveness in a rapidly evolving educational landscape.

CONCLUSIONS

The research examines the relationships between market orientation, competitive environment, value creation, and marketing performance in private HEIs. The findings reveal that market orientation has a direct and consistent positive influence on marketing performance. At the same time, the competitive environment does not directly improve performance but exerts an effect when mediated by value creation. Value creation functions as a strategic mechanism that transforms external pressures into meaningful stakeholder value, thereby enhancing institutional outcomes.

From a theoretical perspective, the research contributes to the literature on strategic marketing in non-profit and service-oriented sectors by clarifying the distinct roles of market orientation and value creation in shaping performance under competitive conditions. It demonstrates that market orientation acts as a direct strategic asset, whereas value creation operates as an essential pathway for translating environmental pressures into performance gains. Furthermore, the research extends the application of marketing and strategic management theories to the higher education context, where competition dynamics differ from commercial markets.

In terms of managerial implications, the results highlight the need for private HEIs to develop integrated strategies that connect competitive positioning with value-creating initiatives. Leaders should move beyond reactive responses to market changes by proactively innovating academic

programs, enhancing student services, and deepening stakeholder engagement. Balancing a strong market orientation with sustained value creation is essential for ensuring long-term strategic effectiveness and institutional sustainability.

Last, the research is not without limitations. The research focuses on private HEIs in Palembang Indonesia, which may limit the generalizability of the findings to other regions, educational systems, and cultural settings. Additionally, the cross-sectional design restricts the ability to infer causal relationships between variables. Future research can adopt longitudinal approaches to better capture changes over time. It can also include public universities for comparative analysis. Future studies can also explore additional mediating or moderating factors, such as digital transformation or leadership style, that may influence the relationship between market orientation, value creation, and performance.

ACKNOWLEDGEMENT

The authors thank all participating private Higher Education Institution (HEIs), the survey respondents, and the two anonymous reviewers and the editorial board for their valuable contributions to improving this article.

AUTHOR CONTRIBUTIONS

Developed the research framework, formulated hypotheses, and designed the methodology, A. M.; Coordinated survey distribution and gathered responses from participating private Higher Education Institution (HEIs), A. M.; Provided access to institutional data and relevant analytical resources, A. M.; Conducted statistical testing, interpreted results, and validated findings, C. C.; Drafted, revised, and finalized the manuscript for submission, C. C.; Incorporated reviewer feedback to enhance the rigor and clarity of the article, C. C.; Coordinated survey distribution and gathered responses from participating HEIs, N. N.; and Provided access to institutional data and relevant analytical resources, N. N.

DATA AVAILABILITY

The participants of the research did not give written consent for their data to be shared publicly, so due to the sensitive nature of the research, supporting data are not available.

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