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Choice of Response Strategy Adopted by Indian Private Higher Education Institutions Collaborated with Foreign Education Institutions: Applying Porter's Five Force Model

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Abstract
Market follows the profit and compete for the resources to get competitive advantage that is inevitable. Private higher education institutions in India collaborate with foreign education providers to deliver education services in variety of modes for enlarging the student share in the market. Applying Porter's Five Force Model it was analysed how the institutions in NCR of India position themselves in the market forces and strategise to get comparative advantage. India with huge size of middle class and vast system of higher education always attract the foreign institutions to collaborate and expand. The restrictive and proscriptive regulation does not allow foreign qualification in India except twinning mode. The finding of the present analysis using porter's five force model suggest that regulation of the state must be comprehensive and supportive to encash the flow of market innovations that happen to be. Thoughtful regulatory framework may reap the benefit other wise institutions under market forces offer unrecognised foreign degree in informal way under the orbit of formal institution that motivate less quality tier II and III institutions to supply educational services disguising under formal system of higher education.

Keywords: Market Forces, Competitive Advantage, Strategy, Foreign Collaboration, Mode of Delivery

Introduction

Manifestation of trade liberalisation, deregulation and encouragement of private participation in other service sectors can also be seen in the higher education sector in the form of cross-border collaboration among private higher education institutions. Cross border collaboration with foreign education institutions connotes the commercial presence in the form of ventures, tie-ups, licensing and validations. Provision of collaborations supplies cross border educational services through transnational programmes and providers that exhibits itself in a variety of mode of delivery of educational programmes. New modes of delivery, flexibility in duration as well as number of credentials earned and blending of more than one mode of delivery are results of market induced pressure on institutions to remain in the competition. The pre-dominant ideology that regulates the trade-off is market that in itself rests on the competition and profitability. Several authors have highlighted the increasing marketization of the higher education (Jongbloed, 2003; Naidoo, 2005). Naidoo (2005, p.45) asserted that 'higher education should be reconceptualised as commodity transaction, teachers as commodity producers and students as buyers of the commodity and that has shifted the objective of education from scholarship led prestige enhancing towards competitive activities led more and more income generation.' Nowadays student's orientation of the knowledge has been shifted towards the training and gaining of knowledge that is directly linked with the job (Martinez & Wolverton, 2009).

The supply side dynamics is self-generated and create its own demand deriving its existence from aspiration level of middle-income group under market dominance. Higher education is a vehicle for social mobility and upliftment. Parents and their wards perceive higher education to fulfil their aspiration in the form of good employment with better salary and career growth. Cross border collaboration provides an opportunity to get placement in international as well as regional labour market in particular sectors and gateway to obtain further higher credentials from foreign education institutions (Illieva 2014; Gore 2018). Change in demographic characteristics, rise of GDP per capita at purchasing power parity, high aspiration and increased paying capacity of the middle-income group as well as diversified demand of the students has led increased competition for getting more students that exhibited its aftermath in the form of strategic alliances, collaborations, transnational education to diversify and flexibility in educational offerings (British Council 2012; Gunay 2014).

India is a third largest higher education system with 993 universities, 39,931 colleges and 10,725 standalone institutions with burgeoning demographic dividend and 26.3 percent of GER (AISHE 2018-19) presents a lucrative market for foreign education providers. Given this it is estimated that there will be great surge of the demand of higher education. Economic liberalisation and accessibility towards technology has enhanced the awareness and escalates the aspiration level of middle class to uplift in the society using the tool of higher education. Education that instils skills and quality to provide differentiated position in the labour market is sought by the parents and students for that willingness to pay can be easily identified.

Keeping the demand of the middle class as one of the market forces, institution has got into structural changes to cater the need of the middle class and find a fertile ground to reap the benefit. Pasternack et al. (2007) state that expansion, differentiation, greater flexibility, quality orientation, standardization, employability, internationalization and lifelong learning can be recognised as visible changes in the higher education sector. Altbach, Reisberg and Rumbley (2009) emphasised on inter-connection of these events that can not be seen apart from each other. Expansion of services in private sector requires additional sources of funding that can be channelized from increased number of students that have diversified demand (Belfield and Levin 2002; Mazzarol, Hosie and Jacobs 1998). Increased number of private higher education institutions have intensified the competition (Naidoo 2008; Anand 2012) and compelled institutions to strategize competitive advantage to generate additional funding and sustenance in the market.

Theoretical Framework

It was the matter of great debate whether higher education should be considered as business entity or public good. Some contend that higher education sector should be considered as market and students as consumer of the services delivered (Naidoo 2005, 2009; Dahan and Şenol 2012)). Higher education sector can be assumed as business as it has characteristics of competitiveness, profit maximisation and competition for resources (Lynch and Baines 2004). Competitiveness as a principal underlying factor in the business sector can be applied in higher education sector that compete for students, resources, quality, faculty and funding for expansion and profit maximisation (Jongbloed 2003; Naidoo 2005, 2008; Pringle and Huisman 2011). As Dill (2003) reported that competition provides more choices to the consumer and it is becoming aggressive (Jongbloed 2009). Technological innovations have given rise to the evolution of consumer's demand and incumbent institution analyse their value chain and resources to adapt its production according to the demand of the market. Market always imitates of the established products manufactured and supplied by the established producers. This imitation leads to undifferentiation and results into upsurge of the average cost that pave way for cheaper alternatives with appealing attributes of lower price, replication of the branded products, value for money and convenience giving rise to disruption (Christensen and Eyring, 2011). Disruptive innovation starts with the lower price products that attract those consumers that are not attracted with high products in the same market (Christensen and Eyring 2011).

Knowledge economy based on knowledge produced in the education organisations drive the economy that infuses the competition among institutions (Naidoo 2016). In case of established higher education institutions, the students demand for employment friendly courses compel institutions to innovate their products according to demand of the regional and global labour market. To get competitive edge in the market institutions strategise by analysing their resources and value chain to get position in the market.

The strategies adopted by the educational institutions to generate additional resources to stand in competition and to sustain in long term can be seen through the lens of various approaches. Three approaches of strategies linear, adaptive and interpretive are discussed by Chaffee (1985); the linear approach mostly passive and reactive that places importance to the planning and administration. The adaptive approach emphasises on competitive positioning, cost and market share by understanding the learning curve and its implications to the competition. This approach was further developed by the protagonist Michael Porter who contended that institution situates in strong forces of competition from external environment and should do situational analysis through analysing the competitors to make defensive strategies to refine their products and services. The interpretive approach lays emphasis on description rather than prescription (Keichel 2012) which stresses on understanding the behaviour in less informed and constrained external environment, characteristics of successful leaders and balancing the power and influences of external as well as internal environment.

Although various business model and theories have been applied to higher education to explain market processes in the sector. In this background it is assumed to apply Michael porter five force model on private higher education sector that are involved in collaboration with foreign education institutions.

Applying Porter's Five Force Model

Barrier to Entry into Industry

Regulations of the state, large capital requirement, cost disadvantage, economies of benefit for the consumers, incumbency disadvantage, consumers switching over exert pressure on institutions to compete for resources, funding, networking and reputation in the market. Institutions with incumbency advantage enjoy the good capital, enough funding resources, good networking, reputation and good will in the market with good rapport with the regulatory bodies. New institutions with production at smaller scale thrive for making balance with compliance of the norms and practising innovative service delivery for the sake of profit making. Higher education institutions in private sector offer professional courses that are demanded in the labour market, however, the unsegmented and undifferentiated market pushes institutions into competition for similar students, resources and networking. Institutions offering foreign qualification through cross border delivery of education programmes with collaboration, struggle for good and sustainable partnership, investing heavily on transaction costs, low visibility and credibility in the market. Apart from that it becomes difficult to attract students and retain them due to easy switch over of the students to other price performing alternatives. Either enhancing the fee structure or enrolment figure remain as options for the institutions for surplus making. Abidance with the state regulations further curb the flexibility and innovations in service delivery to grow in the market. Market always grows according to the ways and means of profit and growth and state tries to put pressure on institutions to prevent irregular advancements that may happen at the cost of student's interest.

Indian institutions having foreign collaboration in private sector through large number of collaborations with various ways of delivery of programmes of foreign institutions provides novelty in the market giving plethora of options to every kinds of students. With the blending of the two or more modes of delivery institutions provide flexibility to the students to enter into foreign institutions in different phases of the programme and opt any of the mode for delivery the services. By providing flexibility, institutions may increase their students enrolment and prevent the switching over to other institutions. Institutions engage in image building by highlighting the flexibility offered to the students to avail the specialisation students want to increasing the probability to being chosen in labour market.

Threats of available products or service substitutes

Price-performing alternatives, flexible offerings with lowering of fee structure, imitated and replicated services in low fee, service availability in on-line mode are such an example for the presence of substitutes in the market. These alternatives always give an opportunity to the consumer to make value judgement for value for money invested and attracts particular segment of the consumers that easily shifts towards low price alternatives and those options catering individual demand of the consumer. For the institutions having strong image in the market with rooted reputation of long-term establishment, students develop loyalty and develop prestige and differentiated value in the market being associated with such institutions. Few segments of the students with less entry qualification have propensity towards the proxy and replica of the services given by few institutions that act as threat for the institutions due to easy switching over of the students towards such options. Student's propensity towards the online foreign education programmes leading to the award of certificate, diploma for professional courses impose pressure on institutions.

The programmes delivered by reputed and branded institutions are imitated by the other institutions that bring homogeneity as well as upsurge of the price and this let paving way for the substitutes with low price and convenience. Online programmes, modulated courses give price-performing substitutes with relaxation in time and providing convenience to the students. Martinez and Wolverton (2009) emphasized on time, convenience and application of the services as the criteria students evaluate before opting in the programme. Market-linked courses are preferred by the students, therefore, Indian institutions in private sector collaborate with foreign partners to deliver programmes in employment friendly courses. Institutions strategise to offer online programmes as an option along with degree programme to give additional credential in similar or slightly higher fee structure.

Degree of Supplier Power to Negotiate

Academicians, faculty members and researchers are considered as suppliers of knowledge, information and trainers for certain skills in higher education (Martinez and Wolverton, 2009). Reputed faculty members with long-term service gives better linkage with industry, regulatory bodies, reputed foreign as well as Indian institutions, market goodwill and know-how. This capital gives bargaining power in the hand of the faculty members because such faculties are demanded by every institution. Although prominent part of the expenditure is enjoyed by the suppliers of education services (Pringle and Huisman, 2015) it is essential for institutions to retain such asset for furthering benefits. For institutions offering collaborative programmes this asset is valuable for the accessibility and negotiations required during partnership keeping lower transaction costs. Inaccessibility, absence or high demand of the resourceful faculty members may cause less profit and high pressure on the institutions offering foreign qualification through collaboration.

In increasingly market dominance academicians act like managers, liasoning agents and administrators for placement that enhances market value putting more bargaining power in the hand of the teachers for individual profit (White, 2009). The pressure of standardisation of the educational services through borrowing of educational programmes from advanced foreign partners in the form of curriculum as in licensing programmes bring the bargaining power of the faculty down. Provision of foreign faculty as visiting member or through online teaching, consultancy with the firms specially advising for tactful negotiation with foreign partners reduce the expenditure on faculty members and enhance profit of the institution.

The strong and well networked faculty member performs as expert of knowledge and skills required, better informed about the market, global linkages with reputed academicians, industry linkages and high reputation built over time act as asset for the institution and integrates strong bargaining power to the institution. Institutions offering collaborative programmes rely heavily on this asset for accessing quality programmes offered by foreign institutions with tactful negotiations in cost effective manner to create win-win situation.

Bargaining, switching or unavailability of these faculty members in institution can pose competitive disadvantageous position to any institution causing less profit. Porter (2008) argues that supplier power is strong if it is concentrated, students face switching cost in changing suppliers, differentiated supply without any substitute available for the supplier.

Bargaining of the buyers

In higher education buyers are considered as students for that education institutions compete and strategise to capture larger section of the market. With economic liberalisation and advancement of technology, aspiration level of the students has enhanced due to more opportunity for accessing higher education as well as job placement. That has resulted into diverse demand of the educational services vis a vis fee structure, specialisation, market-linked curriculum, duration of the course, innovative pedagogy, value for money, good placement and international networking. Plenteous educational opportunities give strength in the hand of the students to choose from according to their demand and capacity to pay. Saturated market with similar offerings creates caveat for the institution and spaces for the students to switch over to the better options. Institutions having better image and reputation in the market provides differentiated position to the students in job market and pulls larger number of students for that other institutions strive for. For differentiation institutions need to diversify and requires funding, resource sharing and input from the advanced suppliers situated in the foreign countries. Institutions collaborate to get differentiated, for diverse offerings including recency, novelty, utility, quality and ultimately good image in the market.

Private higher education institutions having foreign collaboration in NCR are predominantly new and business subsidiaries of corporate bodies. These institutions offer foreign qualification without or with partial movement of the students in foreign country. With programme and providers movement institutions deliver educational services using various modes such as licensing, dual/joint/consecutive degree programmes, twinning and with affiliation centres of foreign universities. These institutions compete for enrolling students for these programmes with few reputed institutions having tie-up with renowned foreign institutions. For this purpose, institutions choose to flexible offerings of educational services in entry requirements, credit transfer, choice of country and duration of the programme. Flexibility in the entry requirements such as lowering the eligibility to enter in programme, enrolling students with lower achievement in base qualification. Specialisation in the courses chosen by the students through credit accumulation in more than one institution in Indian as well as foreign country of choice. Students prefer those programmes that provide more credentials with less duration and fee structure.

Degree of Industry Rivalry and Industry competitiveness

In highly mature and saturated market where similar offerings are supplied to the consumers in apparently similar cost using limited resources, personnel and funding results intense competition and rivalry among the institutions. In slow or mature market, the competition intensifies manifold for each tenth of market share (King, 2008). Indian market of foreign qualification through collaborative programmes is growing and exhibiting various modes of delivery of the programme despite restrictive regulations of the state. Institutions offer courses on Business and Management, Engineering, Hotel and Hospitality management, Animation, Fashion and Life Style at certificate, diploma, post-graduation diploma and degree level. Institutions strive for similar segment of the students, networking and personnel for collaborative programmes. That causes competition among institutions for enlarging their enrolment to capture larger market share. For getting competitive advantage in the market institutions strategise (Porter, 1985) for producing differentiated products, cost leadership, aggressive marketing and image building, targeting specific segment of the market, consolidating by quality enhancement and Application of IT sophistication, penetration in new market by starting new ventures in new courses at various levels. Taylor made courses with customised services for the students giving flexibility in entry, credits accumulation and choice of the country to enhance the applicability of the skills and qualification in job market. Ranking of the institutions perceived as quality and fuel the institutions to compete for getting placed a secure position in the league table (Wildavsky). Institutions strategise for getting good place in national as well as international ranking tables that further the benefits of learning process, infrastructure and international collaboration to raise the funding sources (Haezelkorn 2007 and Marginson, 2012). Institutions display quality auditing done by ISSO, NIRF and NAAC and highlights the international accreditation as the quality attributes to stand out in the competition. Having business characteristics require networking approach where institutions place itself in partnership with other institutions, placement agencies, companies to build goodwill and reputation to stand in competition.

Discussion and Conclusion

Cross border programme and providers mobility through international collaborations for availing foreign qualification in India is restricted for various modes of delivery except twinning programmes. India has approximately 600 foreign education providers existing through various modes of collaboration mostly in metro cities (AIU, 2011). Recently, recommendations of New Education Policy 2020 stated to bring quality through influx of foreign education and hence 100 top ranked universities would be invited in India to open their campuses. A vast and comprehensive regulatory framework is needed with the intent of supportive and welcoming approach for the foreign education providers allowing various modes of delivery keeping quality concern at the prime. The market always flourishes and follow the profiteering motive and competition for resources. To get competitive advantage innovation, customised and consumer friendly approach is adopted that juxtaposed with the state regulations. It is seen that Indian institutions in private sector offer collaborative programmes as alternative and informal system within the recognised and approved formal system applying variety of mode of delivery for awarding foreign qualification. Institutions strategise to get students share by tailor made courses, customisation, targeting specific segment of the market, price-performing fee structure, by providing flexibility in entry, options of choice for country and credit accumulation. Institutions have strengthened their communication channels to build positive image and to cash the mindset of middle class pertaining to the superiority of the foreign by providing foreign qualification in India.

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