The Quest of Australian Public Universities for Competitive Advantage in a Global Higher Education Environment

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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Declaration

I certify that, except where due acknowledgment has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; and, any editorial work, paid or unpaid, carried out by a third party is acknowledged.

D. J. Bradmore

Date:
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*Note:* Appendices are numbered according to relevant chapters of this thesis.
The Quest of Australian ....

Summary

Overview

Adopting a triangulated approach, this thesis consists of three separate but related qualitative studies, the collective objectives of which are (i) to gauge current concern of universities with rapid intensification of competition in the global higher education sector; (ii) to identify and evaluate strategies developed by universities in response to increasing competition; and (iii) to develop a conceptual framework to guide competitive behaviour in universities. Study 1 is a systematic content analysis of published strategic plans of Australian public universities using Leximancer (Version 2.20). Concepts identified by content analysis give rise to propositions relating to levels of concern of universities with increasing competition and strategies currently being implemented to maintain and build competitive position. In Study 2, propositions arising from content analyses are tested by means of interview-based case studies in a sample of universities. These case studies also allow for extended insights into current competitive behaviour. Study 3 draws upon findings of the previous studies to develop a conceptual framework to guide future strategy formulation.

Context

In recent years, competition between providers of higher education has intensified rapidly in Australia. (Coaldrake & Stedman, 1997; Corden, 2005; a, 2004; Marginson & Considine, 2000). The coming decades are likely to see an escalation in intensity of competition as the pace of globalisation and technological change quickens, as deregulation of the domestic sector continues, as per capita funding is further reduced (Bradley, 2003; O’Keefe, 2005), and as even greater elements of competition and contestability are introduced in the interests of productivity and efficiency (Brett, 2000, Maiden, 2005a, 2005b). Exacerbating this situation are reports of slackening demand in traditional markets for overseas students whose fees are keeping many universities afloat (Illing, 2005d; Rood, 2005b). Already, strong rivals from overseas are looking for new opportunities in Australia (Chubb, 2005; Cohen, 2005; Davis, 2005, 2006a), and new providers are emerging to offer education and training in non-traditional forms (AVCC, 2005; Coaldrake & Stedman, 1997; Maiden, 2005a; Yerbury, 2005). As Australian public universities manoeuvre for market position, there is doubt about the capacity of all to survive and prosper (Brown, 2005a; Davis, 2006a; Peacock, 2005).
Those that do survive will have developed and implemented strategies that are based on a sound understanding of all dimensions of competitive strategy, and of the factors that provide competitive advantage (Harman, 2006).

Universities will have to respond quickly and decisively if they are to overcome challenges that rapidly intensifying competition presents. But acting quickly and decisively might not be easy, for at least two reasons. First, it is unclear whether universities know how to respond effectively; their present operating milieu is relatively new to them. Protected from competition by regulation and almost totally funded from the public purse for many years, Australian universities have had little need to concern themselves with strategy development until relatively recently (Stanley, 1997). Second, there are constraints on ways in which universities, still partially funded by governments, can act (Edwards, 2006; Illing, 2006b; Yerbury, 2004). Arguing that present regulations are restrictive, Newman (2005, p.29) observed that universities are caught between a public rock and a private hard place. They are required to implement reforms ... (and) yet they are denied the freedom to make the most of them by government imposed rigidities. Contending that universities have never been so exposed to the cold winds of market forces, he warned that they would need to be at their entrepreneurial and efficient best as foreign entrants step up competition. Unfortunately, he concluded, many of them are not (p.29).

Pick (2006, p.229) observed that universities are currently becoming business competitors in a global higher education market ... Complex forces of government policies and broader social and economic events have combined to create a difficult terrain through which universities must now plot a course. In its aim of assisting universities to traverse this terrain, this research draws upon previous investigations into university management and strategic decision-making. Of particular significance are findings and recommendations of the Hoare Committee (1995) which surveyed management practices in universities, the West Committee (1998) which assessed university funding arrangements, and Anderson et al. (1999) who reviewed published strategic plans of universities to evaluate their development and use, and to recommend good practice. Coaldrake and Stedman (1998) assessed the circumstances in which universities found themselves at the end of the 20th century, concluding that they were struggling to adapt to environments that have changed dramatically in recent years. Marginson and Considine (2000, p.5) pointed to a serious deficiency in the norms and models of good governance which have emerged to assist universities in their
struggle to remain relevant. Meek and Wood (2001, p.319) examined governance and management practices in an environment of increasing competition between institution. Of importance, too, are recent publications of the Department of Education, Science and Technology (DEST), particularly Our Universities: Backing Australia’s Future (2003), Assessing the Quality and Impact of Research in Australia (2005a), and Building University Diversity: Future Approval and Accreditation Processes for Australian higher Education – Higher Education at the Crossroads (2005b). Publications, announcements, and news releases of Universities Australia (formerly the Australian Vice-Chancellors’ Committee), have also helped to inform this research. However, while previous research covers a wide gamut of issues – structure, funding, governance, quality, equity, workplace reform and productivity in addition to competition - that will impinge upon performance of universities in the years ahead, the present research has rapid intensification of competition in the global higher education as its singular focus.

Three separate but related studies are undertaken to achieve the thesis objectives. The sections that follow briefly summarise underlying assumptions (where applicable), research methods, results, and implications of each study.

Study 1

Assumptions

Underlying this study are four assumptions: (i) if rapid intensification of competition in the global higher education sector is of concern to universities, that issue will be addressed in strategic plans; (ii) relative prominence (or centrality) of the concept of competition in strategic plans will provide an indication of levels of concern with rapid intensification of competition; (iii) relative prominence of concepts in strategic plans will provide an indication of strategies developed by universities in response to rapid intensification of competition in the global higher education sector; (iv) relative prominence of concepts will provide an indication of the theoretical basis (or bases) of strategies developed in response to intensification of competition. Justification for these assumptions lies in the purpose and practice of strategic planning, key elements of which are analysis of strengths, weaknesses, opportunities, and threats (SWOT), and strategy formulation (Kotler et al., 2003; Robbins & Coulter, 2005).
**Documentation**

A list of 37 public universities in Australia was obtained from the *National Report on Higher Education in Australia, 2001* (DEST, Canberra, 2003a). This list was re-arranged to show universities in a five-tier classification developed by Marginson and Considine (2000). This classification, based on a combination of institutional type and establishment date, categorises universities as (i) Sandstones; (ii) Redbricks; (iii) Unitechs; (iv) Gumtrees; and (iv) New. Internet websites of all universities were accessed in April 2005 to obtain copies of most recent strategic plans. Thirty-four plans were obtained.

**Data Analysis**

*Leximancer* (Version 2.20), a software program developed at the Key Centre for Human Factors and Applied Cognitive Psychology at the University of Queensland, was used for systematic content analysis. *Leximancer* is described by its developers as a *data-mining tool that can be used to analyse the content of collections of textual documents* (*Leximancer Manual*, p.4). This program provides three main sources of information about content of documents: main concepts contained and their relative importance; strength (or centrality) of each concept, measured by the number of times it co-occurs with other defined concepts; and similarities in context in which concepts appear. This information is displayed both graphically and statistically. The graphic presentation is in the form of a map that allows users to perform visually directed searches of concepts of interest in order to quantify and explore concept interrelationships. The same information is provided in statistical form.

**Results**

The concept of *competition* is at position 22 among 100 top-ranked concepts in strategic plans in aggregation. By category, *competition* is at position 14 in Sandstones category; position 48 in New category; position 49 in Unitechs category; position 50 in Redbricks category; and position 61 in Gumtrees category. By individual university, *competition* is among 100 top-ranked concepts in only 25 of 34 universities; six of the nine universities in which *competition* is not ranked are in the Gumtrees category. In one university (University of Melbourne) the concept of *competition* is ranked in position six; at another (University of Western Sydney), *competition* is at position 12; in no other university is *competition* ranked higher than position 30. These findings give rise to the following proposition:
P1: Levels of concern with rapid intensification of universities in the global higher education sector are low.

Prominence of concepts including research (ranked in position 2), staff (3), community (4), education (6), teaching (7), learning (8), programs (10), quality (11), resources (14), services (18), and funding (19) in aggregated plans of universities suggests implementation of strategies involving research concentration, staff attraction and retention, quality outcomes in teaching and learning, and enhanced student services. These findings give rise to the following proposition:

P2: Universities are implementing a wide range of strategies in response to rapid intensification of competition.

Prominence of concepts including students (ranked in position 1), research (2), staff (3), community (4), education (6), teaching (7), learning (8), programs (10), quality (11), resources (14), services (18), and funding (19), outcomes (20), growth (25), region (29), world (30) suggest an appreciation of a market orientation and an understanding of principles of strategic management. These findings give rise to the following proposition:

P3: Bases of strategies being implemented by universities in response to rapid intensification of competition are clearly evident.

These propositions are tested in Study 2 by means of interview-based case studies.

Implications

There are four major implications of Study 1. First, universities need to re-assess their strategic planning practices and processes to decide whether adequate attention is being paid to rapidly increasing competition. Second, universities need to decide whether their responses to increasing competition are adequate. Third, universities need to consider whether their strategic decision making is soundly based. Fourth, further research into aspects of competition in the higher education sector is warranted, especially in regard to the utility of private sector models to guide competitive behaviour.
Study 2

In Study 2, interview-based case studies are developed to test the propositions emanating from content analysis of strategic plans in Study 1, and to allow for extended insights into competitive decision-making and behaviour.

Sample

To create a representative sample, one university from each of the five categories in the Marginson and Considine (2000) classification was chosen. Although convenience and judgement were the main bases of selection, preparedness of senior members of staff to participate was also a factor. Universities ultimately selected were University of Queensland (Sandstone), University of New South Wales (Redbrick), University of Technology, Sydney (Unitech), Murdoch University (Gumtrees), and University of Southern Queensland (New).

Interviewees

Using information available on university web sites, lists were compiled of senior staff members involved in strategic planning and development at selected universities. In all cases, lists included Vice-Chancellor, Deputy Vice-Chancellor responsible for the strategic planning function (where such an appointment had been made), and senior members of the administrative staff directly involved with strategic planning. Interviewees ultimately selected were Prof. Trevor Grigg (Deputy Vice-Chancellor, International and Development) and Mr Lindsay Parker (Director, Planning) from University of Queensland; Prof. Robert King (Deputy Vice-Chancellor, Academic) and Prof. John Ingleson (Deputy Vice-Chancellor, International and Development) from University of New South Wales; Dr Alex Byrne (Pro Vice-Chancellor and Vice-President, Teaching and Learning) from University of Technology, Sydney; Prof. Gary Martin (Pro Vice Chancellor, Strategy) from Murdoch University; Prof. William Lovegrove (Vice-Chancellor) and Prof. William MacGillivray (Pro Vice-Chancellor, Quality and Planning) from University of Southern Queensland.

Instrument

A semi-structured questionnaire was developed to guide interviews. Questions relating to propositions arising from Study 1 sought information regarding levels of concern with intensification of competition, strategic responses, and theoretical underpinning of strategy.
formulation. Interviewees were encouraged to range freely in their responses. Subsidiary questions were posed where clarification of information provided was sought, and where additional insights seemed likely to emerge.

Procedure

Interviews were conducted in February-June period, 2006. Interviews ranged in duration from 35 minutes to an hour. With permission of interviewees, a tape-recorder was used. Within one month of each interview, recorded interviews were transcribed and returned to interviewee for verification and amendment, as required. A letter enclosed with transcribed interviews requested interviewees to return amended transcripts with a signed Consent Form approving use of the material for the sole purpose of this research. On the basis of these interviews, five case studies were prepared. A cross-case analysis compared and contrasted findings, and justified the extent of their generalisability to the Australian university population.

Results

P1: Levels of concern of universities with rapid intensification of competition in the global higher education sector are low was not supported.

Case study evidence suggests that levels of concern at all universities are high. However, aspects of competition that concern universities vary from institution to institution.

P2: Universities are implementing a wide range of strategies in response to rapid intensification of competition was supported.

While strategies vary markedly, considerable commonality exists in the attention universities are giving to brand building and positioning initiatives, improving teaching and learning outcomes, enhancing student support and services, fostering research in strategic areas, developing campus infrastructure and facilities, and strengthening marketing practices.

P3: Bases of strategies being implemented by universities in response to rapid intensification of competition are clearly evident was not supported.

Evidence suggests that strategy is driven by university mission and values rather than by specific theoretical models and frameworks.
Significant differences in approach to maintaining and improving market position extend insights into current competitive behaviour of universities. Of major significance are strategic initiatives related to geographic focus of operations, research intensity, comprehensiveness of curriculum, practical orientation of programs, and value of on-campus experience.

**Implications**

Findings of Study 2 confirm that re-examination of the purpose of strategic planning in universities is required. Findings call into question the knowledge and understanding of those responsible for strategy development of the bases of sustainable competitive advantage.

**Study 3**

Findings of Studies 1 and 2 were used in Study 3 to develop a unique conceptual framework to guide future strategy development in response to rapid intensification of competition.

**Procedure**

Findings of previous studies were analysed to identify key operational areas as universities respond to increasing competition. These areas are grouped into six key strategic dimensions which, together with variables that might moderate their successful implementation, are integrated into an extant model of competitive advantage to develop a unique framework to guide decision-making as universities attempt to maintain and improve market position.

**Implications**

Four implications emerge from this study. First, findings confirm the paucity of norms and models that are available to guide good governance in universities (Marginson and Considine, 2000). Second, the development of a conceptual framework provides opportunities for its empirical testing. Third, this conceptual framework provides a stimulus for development of alternative planning models. Fourth, availability of this conceptual model might lead to questioning about the apparent neglect of theoretically-based and empirically-tested models and frameworks in universities, and lead to extension of their use in guiding competitive behaviour.
Chapter 1

Australian Universities in Increasingly Competitive Environments

Chapter Overview

Beginning with a statement of purpose and an outline of the objectives of this thesis, Chapter 1 establishes the context for this research by surveying environments in which Australian public universities are currently operating. Rapid intensification of competition in the higher education sector is discussed in terms of global forces - economic, social, and technological – that have led to massification (Trow, 1970) of tertiary education, and consequent funding problems. Trends in the global sector - rapid expansion, increasing student diversity, structural concerns, funding problems, developments in communications and information technologies, internationalisation and globalisation, issues of governance and control, deregulation, and emergence of alternative providers – are outlined and their implications for higher education in Australia are examined. Emphasising the importance to universities of the need for clear understanding of bases of competitive advantage, and of strategic options for gaining and maintaining competitive position, this chapter concludes with an outline of the thesis structure.

Introduction

The purpose of this research is to examine the impact of intensifying competition, domestic and international, on Australian public universities. Specifically, the objectives are (i) to gauge current concern of universities with rapid intensification of competition in the global higher education sector; (ii) to identify and evaluate strategies developed by universities in response to increasing competition; and (iii) to develop a conceptual framework to guide competitive behaviour in universities.

In pursuit of these objectives, this investigation adopts a triangulated approach, consisting of three separate but related studies. Study 1 (Chapter 3) is a systematic content analysis of published strategic plans of Australian public universities to assess levels of concern with competition, and to identify strategies currently being implemented to build and maintain competitive position. In Study 2 (Chapter 4), results of content analysis are tested by means
of case studies based on face-to-face interviews with senior academic and administrative staff in a selected sample of universities. Study 3 (Chapter 5) develops a unique framework to guide strategy formulation in current competitive environments.

Highlighting the relevance and timeliness of this research are these short extracts from published strategic plans of three universities:

*It is likely that traditional universities will face increasing competition, both from other universities nationally and internationally and from other education and training providers ... This competitive environment will be encouraged by public policies designed to increase the provision of higher education while constraining public outlays (Strategic Plan 2004-2008, University of Western Sydney, p.15).*

*In a situation of competition, uncertainty and change, The University of Queensland seeks to identify and develop new and appropriate strategic priorities in teaching and research, in the development, management and diversification of our resource base and in the use of new technologies to provide leading-edge infrastructure (Strategic Plan 2005-2009, University of Queensland, p.2).*

*Reforms to higher education to be introduced by the Commonwealth Government will have far reaching implications for Australian universities. In particular, competition between universities will increase following partial fee deregulation (Strategic Plan 2004-2008, La Trobe University, p.18).*

These excerpts provide evidence of growing concern with increasing competition. There can be little doubt that universities will have to respond quickly and decisively if they are to overcome challenges that rapidly intensifying competition presents. But acting quickly and decisively might not be easy, for at least two reasons. First, it is unclear whether universities know how to respond effectively; their present operating milieu is relatively new to them. Protected from competition by regulation and almost totally funded from the public purse for many years, Australian universities have had little need to concern themselves with strategy development until relatively recently (Karmel, 1992; Stanley, 1997). Second, there are constraints on ways in which universities, still partially funded by governments, can act
Arguing that present regulations are restrictive, Newman (2005, p.29) observed that universities are caught between a public rock and a private hard place. They are required to implement reforms ... (and) yet they are denied the freedom to make the most of them by government imposed rigidities. Contending that universities have never been so exposed to the cold winds of market forces, he warned that universities would need to be at their entrepreneurial and efficient best as foreign entrants step up competition. Unfortunately, he concluded, many of them are not (p.29).

Some Australian universities might not survive (Aitkin, 1997; Chipman, 1999b; McCalman, 1998; Sharpham, 1997). Universities that do survive are likely to have formulated strategies that have allowed them to do so. These strategies will describe overall directions to be followed, guide allocation of resources accordingly, and provide the logic to enable integration of parochial interests of faculties, schools, departments, and other administrative units (Cooper & Wade, 2005; Karmel, 1998). As Pick (2006, p.229) observed: Universities are currently becoming business competitors in a global higher education market ... Complex forces of government policies and broader social and economic events have combined to create a difficult terrain through which universities must now plot a course.

In its aim of assisting universities to traverse such difficult terrain, this research draws upon previous investigations into university management and strategic decision-making. Of particular significance in this regard are findings and recommendations of the Hoare Committee (1995) which surveyed management practices in universities; the West Committee (1998) which assessed university funding arrangements; and Anderson et al. (1999) who reviewed published strategic plans of universities to evaluate their development and use, and to recommend good practice; Coaldrake and Stedman (1998) who assessed the circumstances in which universities found themselves at the end of the 20th century, concluding that they were struggling to adapt to environments that have changed dramatically in recent years; Marginson and Considine (2000, p.5) who pointed to a serious deficiency in the norms and models of good governance which have emerged to assist universities in their struggle to remain relevant; and Meek and Wood (2001, p.319) who examined governance and management practices in an environment of increasing competition between institution.

Of importance, too, are recent publications of the Department of Education, Science and Technology, particularly Our Universities: Backing Australia’s Future (2003), Assessing the
Quality and Impact of Research in Australia (2005), and Building University Diversity: Future Approval and Accreditation Processes for Australian higher Education – Higher Education at the Crossroads (2005). Publications, announcements, and news releases of the Australian Vice-Chancellors’ Committee (AVCC) have also helped to inform this research.

However, while previous research covers a wide gamut of issues – structure (Aitken, 1997; Davis, 2004; Marginson, 2006; funding (Barr, 2004; Greenaway & Haynes, 2003); governance (Brett, 2000; Coady, 2000; Coaldrake & Stedman, 1998); Bourke, 1986; (Ashworth & Harvey, 1994; Marginson & Considine, 2000); equity (Coates & Krause, 2005; James et al., 2004); workplace reform and productivity (Carrington et al., 2007) that will impinge upon the performance of universities in the years ahead - the present research has rapid intensification of competition in the global higher education as its singular focus.

Higher Education in Australia

Australia’s system of higher education is national, and predominantly public. There is no stratification of higher education institutions and no streaming of students (DEST, 2002). Virtually all higher education is provided through universities, each of which seeks to provide a comprehensive range of courses and to develop its own research capacity (DEST, 2002). There are 37 public and three private universities. Together, these universities enrol approximately 930,000 students, representing an equivalent full-time student load (EFTSL) of 651,000 (AVCC, 2005). Table 1.1 shows the public universities arranged into five groups or segments on the bases of establishment date and institutional type – Sandstones, Redbricks, Unitechs, Gumtrees, and New – according to a classification by Marginson and Considine (2000). (See Appendix 1.2 for additional material on this and similar classifications.)

The term university is protected under Commonwealth law; all Australian states and territories have agreed to consistent criteria and procedures to be followed before an institution can use this title (DEST, 2002). However, some providers other than universities [e.g., colleges of Technical and Further Education (TAFE)] are authorised to deliver higher education awards. Additionally, there are presently in excess of 150 registered private institutions, typically single-purpose colleges, offering courses in fields such as business,
Table 1.1 Classification of Australian Public Universities

<table>
<thead>
<tr>
<th>Segment</th>
<th>Universities</th>
<th>Abbreviation*</th>
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<tbody>
<tr>
<td>Sandstones</td>
<td>University of Sydney &lt;br&gt;The University of Melbourne &lt;br&gt;University of Adelaide &lt;br&gt;University of Tasmania &lt;br&gt;University of Queensland &lt;br&gt;University of Western Australia</td>
<td>USyd &lt;br&gt;UMelb &lt;br&gt;UAdel &lt;br&gt;UTas &lt;br&gt;UQ &lt;br&gt;UWA</td>
</tr>
<tr>
<td>Redbricks</td>
<td>Australian National University &lt;br&gt;University of New South Wales &lt;br&gt;Monash University</td>
<td>ANU &lt;br&gt;UNSW &lt;br&gt;MonU</td>
</tr>
<tr>
<td>Unitechs</td>
<td>University of Technology, Sydney &lt;br&gt;RMIT University &lt;br&gt;Queensland University of Technology &lt;br&gt;Curtin University &lt;br&gt;University of South Australia</td>
<td>UTS &lt;br&gt;RMITU &lt;br&gt;QUT &lt;br&gt;CurtinU &lt;br&gt;UniSA</td>
</tr>
<tr>
<td>Gumtrees</td>
<td>University of Newcastle &lt;br&gt;Griffith University &lt;br&gt;James Cook University &lt;br&gt;Flinders University &lt;br&gt;Deakin University &lt;br&gt;Macquarie University &lt;br&gt;University of Wollongong &lt;br&gt;La Trobe University &lt;br&gt;Murdoch University &lt;br&gt;University of New England</td>
<td>UNewc &lt;br&gt;GriffithU &lt;br&gt;JCU &lt;br&gt;FlindersU &lt;br&gt;DeakinU &lt;br&gt;MacqU &lt;br&gt;UWoll &lt;br&gt;LatU &lt;br&gt;MurdochU &lt;br&gt;UNE</td>
</tr>
<tr>
<td>New</td>
<td>Southern Cross University &lt;br&gt;Central Queensland University &lt;br&gt;Edith Cowan University &lt;br&gt;University of Western Sydney &lt;br&gt;Charles Sturt University &lt;br&gt;Victoria University of Technology &lt;br&gt;Swinburne University of Technology &lt;br&gt;University of Ballarat &lt;br&gt;University of Southern Queensland &lt;br&gt;University of Canberra &lt;br&gt;Charles Darwin University &lt;br&gt;University of the Sunshine Coast &lt;br&gt;Australian Catholic University</td>
<td>USC &lt;br&gt;CQU &lt;br&gt;ECU &lt;br&gt;UWS &lt;br&gt;CSU &lt;br&gt;VUT &lt;br&gt;SwinU &lt;br&gt;UBall &lt;br&gt;USQ &lt;br&gt;UCanb &lt;br&gt;CDU &lt;br&gt;USC &lt;br&gt;ACU</td>
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Source: Marginson and Considine (2000, p.190). [See also Appendix 1.2].

Note: See Appendix 1.1 for a full list of abbreviations used in this thesis.
information technology, theology, hospitality, and natural therapies. These private institutions account for approximately 3% of higher education enrolments (DEST 2002).

Although constitutional authority for higher education is vested in the States and territories, the Commonwealth, having been ceded full funding responsibility by the States in 1974, has overall control of policy (Coadrake & Stedman, 1998). While the Commonwealth Government has experimented with advisory boards of various kinds over the years [e.g., Australian Universities Commission (AUC), Commonwealth Tertiary Education Committee (CTEC), National Board of Employment, Education and Training (NBEET)], to make recommendations on the allocation of student places and funding, all such policy decisions are currently made by the Minister for Education through the relevant Commonwealth department (Jackson, 2003). Notwithstanding this arrangement, universities have a high degree of autonomy. Governing councils of each university are responsible to the Minister for proper functioning of their institutions and have considerable discretion in directing development of them. Universities are free to invest, divest, and borrow in respect of property and commercial ventures. Assets earned in this way belong to the university and can be used for development of the institution, consistent with state and local government regulations, as the councils see fit. Universities are responsible for hiring their own staff and for negotiating workplace relations and conditions (DEST, 2002). All universities are self accrediting. While they are required to have internal mechanisms to assess new course proposals and to accredit courses, universities are free to make their own decisions about what to teach, whom to admit as students, and how learning is assessed. Professional bodies and industry associations usually play an important role in this regard, monitoring content relevance, and quality (DEST, 2002).

As in most university systems worldwide, quality is of prime importance (DEST, 2002; Harman & Meek, 2000). While governing councils are ultimately responsible for quality in all aspects of functioning of universities and typically implement their own quality assurance measures, the Australian Universities Quality Agency (AUQA), established in 2000, assesses the adequacy of each institution’s processes for teaching, learning, research and management quality on a five-yearly cycle.

Australian public universities compete in both domestic and international markets. In basic terms, universities compete for students, staff, and funding, and for levels of reputation and
prestige that attract all three. This competition is complex and multi-dimensional. In international and domestic markets, universities compete collectively, by group, and individually. In international markets, Australian universities compete collectively with counterparts from other nations, most noticeably the U.S., the U.K., and Canada to recruit fee-paying students in sufficient numbers to offset shortfalls in government funding. As groups, networks or alliances [e.g., Group of Eight (Go8), Australian Technology Network (ATN), New Generation Universities (NUG); Universitas 21], universities compete to exploit opportunities for alternative modes of program delivery, to boost resources by forming partnerships with media groups (e.g., News Corporation, Thomson Education), and to enhance their reputations as global leaders. Individually, universities compete to attract talented researchers, teachers and students to their campuses (Lane, 2006); to establish alliances and partnerships with prestigious institutions whose resources and reputations will enhance their own (Ireland et al., 2002); and to win favour with foreign governments in whose nations they see opportunities for expansion (Macnamara, 2006).

In domestic markets, universities also compete collectively, by group and individually. Collectively, universities compete for best students and staff with the TAFE sector, with foreign universities operating in Australia, and with alternative providers of higher education that offer courses in fields ranging from divinity (Avondale College) to photography (International College of Creative Arts) and from natural therapies (Southern School of Natural Therapies) to information technology (Melbourne Institute of Technology), hotel management (International College of Hotel Management), and security and public safety (Australian Institute of Public Safety). By group, universities compete for students, staff, financial support, and reputation that come with these. Individually, universities compete for students and staff, for government grants for research projects, and for funding from private organisations (Rood, 2006).

In order to compete more effectively, most universities have increased their marketing capabilities in recent years (Hammond et al., 2006; Chan, 2004). Most, too, have broadened the geographical scope of their operations, no longer seeing their constituencies confined by traditional regional boundaries (Altbach, 2004b; Daniel et al., 2006; McBurnie & Ziguras, 2001). However, these initiatives have widened the exposure of universities to rapidly increasing competition (DEST, 2003b, 2005b; Enders, 2004; Slaughter & Rhoades, 2004).
Trends and Developments in Global Higher Education

While Australian higher education has distinctive characteristics, trends and developments that have occurred in universities in this country since WWII are not unique. These trends and developments are worldwide phenomena, stemming from quickening pace of technological change and ubiquitous applications of advanced knowledge (Marginson, 2004a, 2006; Pick, 2006). Of major importance among these trends and developments are rapid expansion of higher education; increasing student diversity; structural concerns; funding problems; issues of governance and control; developments in communications and information technologies; trends in internationalisation and globalisation; and deregulation, system diversification, and emergence of alternative providers. These global trends and developments, and their implications for Australian public universities, are discussed below.

Rapid Expansion

The most significant change to higher education throughout the world since 1945 has been its rapid expansion (Daniel, 1993; Kerr, 1991; Scott, 1998c, 2005; Teichler, 1988, 2004; Trow, 1974, 2005). Teichler (1988, p.24) argued that all other changes can be seen to have flowed from this expansion. Altbach (1991) observed that, of all universities founded since the 12th century, almost two thirds were established between 1950 and 1985. Smith (1993) calculated that participation rates in higher education for 20-24 year age cohorts in industrialised countries increased from 6% in 1950 to 25% in 1985. Sadlak (1998) estimated that between 1980 and 1995 total number of students in higher education throughout the world increased from 51 million to 82 million. By 1995, around 50% of higher education-bound age group of 18-23 was enrolled in various types of higher education institutions.

Views vary substantially as to causes of this rapid expansion. According to an OECD report (1985), increases in expenditure on higher education in some countries were made a priority in the 1950s, not only in expectation that highly qualified manpower would stimulate economic growth but also in the conviction that governments had a role to play in creating social opportunity and equality. Sadlak (1998) emphasised this economic imperative in asserting that:

*All societies, whether modern or modernizing, post-industrial or developing, are experiencing increasing demand for access to higher education, foremost in*
order to respond to an increasing requirement for trained citizens for an economy which more and more depends upon knowledge-related skills and the ability to handle information (p.101).

Teichler (1988) discerned four major forces driving rapid expansion of higher education globally: quickening pace of diffusion of scientific knowledge which has impelled people to know and understand more; the idea that national economic development depends as much on human capital as it does on natural resources, capital accumulation, and availability of labour; growing recognition that higher education provides access to higher levels of the occupational and social hierarchy; and, increasing affluence of society which makes higher education as cultural enrichment possible. Postulating that there has been strong government involvement, Teichler (1998) contended that it was difficult to say whether these driving forces stemmed primarily from government policies or consumer needs.

In Australia, expansion of the higher education sector has been no less rapid than elsewhere. In 1939, there were only six universities, all publicly funded, and with fewer than 15,000 students between them. By 1960, there were ten universities and 53,000 students. By 1985, there were 19 universities and 175,000 students. By 2005, there were 37 publicly funded universities attended by 671,853 students. There were also three private universities (AVCC, 2005; see www.avcc.edu.au/statistics, accessed 26 July 2006).

As rates at which new knowledge is generated and old knowledge becomes obsolete are increasing exponentially, demand for education and training in Australia is certain to remain high (Sadlak, 1998; see also Strategic Plan: Perspective 2004, University of Melbourne; Strategic Plan 2004-2008, University of Western Sydney). Radical changes have taken place in the nature of work. Expectations about work quality have increased. Employees are being asked to be more accountable, more productive, and more efficient. In Australia, as elsewhere, the need for people to become independent lifelong learners has become ever more urgent (Duke, 1999).

Increasing Student Diversity

Vast increases in diversity of students in higher education systems throughout the world have accompanied their rapid expansion. Barnett (1992) described this changing diversity as:
A shift from a system enjoyed by the few to a system in which a large proportion of the population participates and in which an even larger proportion of the population feels it now has claims ... A shift from a higher education which has essentially been part of the cultural apparatus of society to one which is much more part of the economic apparatus of society ... A shift from higher education being a personal and positional good to being more of a wider social good, having a general societal value ... A shift from a culture characterised by the formation of personal life-world-educational projects to one dominated by the formation of public and strategic policies (p.5).

Trow (1974) proposed a system for classifying global higher education systems in terms of participation rates of relevant age cohorts. Describing higher education systems as either elite, mass, or universal, Trow (1974) suggested that elite systems are those in which participation is less than 15%; mass systems are those in which participation is between 15% and 35%; and universal systems are those in which participation exceeds 35%. By 1970, the U.S. was able to claim to have a universal system. By 1980, most industrialised countries, including Australia, had mass systems of higher education (Scott, 2005a; Trow, 2005).

Trow (1974) argued that elite, mass, and universal systems have unique characteristics. In elite systems, universities are relatively small; their functions are selection and preparation of political and professional elites; admission is restricted and seen as a privilege; and there is homogeneity within the student body. In mass systems, university of admission is considered a right; student bodies are more heterogeneous; there are both broader ranges of ability and higher attrition rates. Universal systems, with expanded goals and greater diversity of structures, attract clientele from increasingly diverse segments of the population.

In Australia, increasing diversity of students has meant that needs of many more groups of students than ever before have had to be catered for. Today, there are more mature age students, more women students, more students from different ethnic backgrounds, more students with lower levels of proficiency in English, and more students with disabilities than at any previous time. But, this more diversified system has placed greater pressure on students and universities (Davis, 2005; Harman & Selby-Smith, 2002; McIntyre, 1991). While governments have introduced student scholarships and loan schemes to provide access.
according to merit rather than wealth, policy makers have had difficulty in getting formulas right. Changes to student contribution arrangements in recent years (e.g., Higher Education Contribution Scheme (HECS), Austudy, FEE-HELP) have not always worked well. Many students remain in difficult economic circumstances (Mitlikovec & Rout, 2005; Rood & Green, 2005).

Structural Concerns

Rapid expansion and increasing diversification of higher education have given rise to debate in many countries, including Australia, about the best ways to structure the higher education system for the needs of society and a broader range and abilities of clients. Teichler (1988) noted that, in the early 1960s, debate centered around four models. First of these, the elitist model, calls for limits to be imposed on numbers of students being admitted to higher education. This model suggested that the best way for any society to cope with expanding demand was simply to forecast the need for scholars, scientists, skilled workers, and so on, and then to admit only the number of students required in each category. Second was the vertical model, which proposed that, because talents of students are uneven, higher education institutions should be arranged in a hierarchical fashion. Highly talented students should attend top-level traditional universities, while those who were not able to gain admission should attend lower level institutions that usually offered vocationally oriented programs. Third was the unitary model, which aimed to establish as much uniformity as possible in institutions, and in courses offered, in order to reduce inequality in education. Fourth, and finally, there was the recurrent education model that aimed to provide a broad basis of pre-career education, and further opportunities to acquire occupational qualifications, in a lifelong learning process. Teichler (1998) suggested that debate about these models has led to a certain degree of consensus that, regardless of the preferred option, borderlines between levels in any system ought to be blurred to some extent so that individuals are able to transfer from one level to another if it is thought desirable at a later date.

Thus, two extremes have eventually emerged. One is the diversified model; the other is the integrated model. Arguments for the diversified model are that it increases choices available to learners, makes higher education available to virtually everyone, and matches education to needs and abilities of individual students. Meek and Wood (1997) purported that the diversified model enables institutions to choose their own missions and to confine their
activities to those that best suited their constituencies; in this way, the diversified model is a more appropriate response to pressures of a complex and diversified society. In contrast, the integrated model seems able to provide greater social equality. Students of uneven abilities are admitted to the same institutions, sharing the same courses, and acquiring the same degrees. While the U.S. has opted for what is probably one of the most diverse systems of higher education in Western industrialised countries, Germany, Belgium, France, and the Netherlands are typical of many European countries that have opted for a binary system. The U.K. and Australia are representative of nations with a unified system (Teichler, 1988).

**Funding Problems**

Paradoxically, and controversially, as higher education systems have expanded, *per capita* funding from governments worldwide has declined (Katz et al., 1999a; OECD, 1987; Scott, 1988; Wood & Meek, 2002). Probably no sectorial issue has received more attention in recent years than this (OECD, 1987). In the U.K., the U.S., and Australia, especially, there has been a trend towards private funding, and increased emphasis on the principle of user pays.

Miller and Pincus (1997) provided two major reasons for decline in *per capita* public funding. The first is that, in an era of severe constraints on government spending, the higher education sector has been seen as one capable of raising revenues from sources other than state coffers. The second is that, increasingly, there has been a shift of emphasis away from the notion of education as a public good and towards the view that it is a good with both public and private elements.

In Australia, as elsewhere, much larger burdens for funding have been passed to students by means of the Higher Education Contribution Scheme (HECS), ushered in with the Dawkins reforms of the late 1980s. Between 1983 and 1997, Federal Government funding per equivalent full time student (EFTSU) fell 8.2%, a period in which enrolments almost doubled. Whereas the Federal Government had provided nearly 90% of university funding in the early 1980s, it was providing only 41% by 2004, representing reduction in operating grants to universities per EFTSU, net of HECS receipts, in this period from $11,000 per student to just over $8,500 per student (see AVCC, 2005). While HECS contributions accounted for 16% of operating revenue in 2004, and State Government contributions were 2%, the balance had to
be made up in other ways; these included revenue from both overseas and domestic fee-paying students (24%), investment income, donations, bequests, and various other sources (17%). (See University Revenue and Expenses by Main Source 1996-2004, www.avcc.edu.au, accessed 30 January 2006).

Although an investigation (AVCC, 2003) found that there was no evidence that HECS fees were having a significant impact on student participation rates, Illing (2005b, p.25) observed that higher costs of tertiary education for students, combined with *a strong job market and a federal government push to get more students into technical education*, were thought to have sparked falls in demand for university places nationally in 2006. She noted that such falls could have significant funding implications, particularly for smaller universities, because competition for alternative sources of funding was heightened as a consequence of reduced student demand.

*Issues of Governance and Control*

Faced with pressures stemming from rapid expansion and reduced public funding, universities in many Western nations, and in some Asian countries, too (e.g., South Korea, see Brender, 2006), have *corporatised* their structures and operations in interests of efficiency and productivity. While details of this process of corporatisation differ from nation to nation and university to university, what corporatisation means in practice is that universities adopt a view of themselves as businesses, or complex academic enterprises with significant budgets and resources that require levels of management expertise comparable with those of private sector corporations (Duke, 2004; Edwards, 2003; Marginson & Considine, 2000).

Commenting on initiatives of this kind in British universities, Scott (1998) observed:

> As budgets shrink and those who have to pay for higher education, whether politicians on behalf of taxpayers or individual students who are being asked increasingly to make a direct contribution, demand greater value for money. For all these reasons universities have to be managed in a new kind of way ... The university must now be regarded, and purposefully managed, as a large complex organization (p.115).
In Australian contexts, Marginson (1988a) described three distinct kinds of change in organisational form entailed in this corporatisation process. First, a new and more powerful kind of executive leadership has emerged. Increasingly, Vice-Chancellors have become more like Managing Directors or Chief Executive Officers (CEOs) of large, private-sector corporations than academic leaders. Now, Vice-Chancellors manage the total operations of their academic enterprises, making changes to management structure, internal culture, and even to the business mission itself, when required. In the interests of impartiality, Vice-Chancellors are commonly brought to their universities from outside. Often, Vice-Chancellors are supported by a network of deputies – Deputy Vice-Chancellors, Pro-Vice-Chancellors, Executive Deans, and Vice-Presidents - all of whom might also be outsiders so that their first loyalty is to the administration rather than to their faculties or disciplines.

Second, governing councils of universities have become virtual Boards of Directors (Marginson, 1998a). Operating more formally than before, councils are more concerned with financial stability and growth than with academic excellence. While preservation and enhancement of their universities’ reputations remain their priority concern, this is for reasons of market share and funding rather than of scholarship. As in the corporate world, there is an insistence on direct accountability. More accurate measures of performance are sought. Better mechanisms for information gathering are instituted. The importance of plans, targets and incentives is emphasised. New corporate structures are created in areas with income-producing potential, such as international education, management of intellectual property, industry relations, and continuing education. Traditional collegial bodies - academic boards and committees - are disbanded or marginalised; many of their former functions are now performed by executive-directed teams established to manage internal communication and consultation effectively, and to respond to environmental change and trends swiftly (Marginson, 1998a).

Third, traditional academic discipline structures are broken down (Marginson, 1998a). These, with their differing traditions and strong loyalties, are generally seen to represent a threat to corporate requirements for flexible movement of resources and sudden changes of policy. Schools, because they are more diverse in nature, rather than departments, because they can more easily become unified, disaffected, and disruptive, are favoured as an appropriate structure for management of teaching and research (Marginson, 1998a).
While corporatisation has been widely criticised in some quarters, others have accepted this trend as an inevitable result of the global economy. Those who are opposed to corporatisation of universities point especially to a kind of corporate managerialism (Manne, 1998, p.15), which this process seems inherently to entail. This attitude manifests itself in several ways, from bureaucratic approaches to administration to blind reliance on best-practice measures of performance and lack of concern with scholarly values (Deen & Brehony, 2005; Leeder, 1998; Manne, 1998).

Commenting on this trend, Karmel (quoted by Illing, 1998, p.43) contended that Australian universities would slide into a morass of mediocrity if current practices continued. He argued that the naïve use of arithmetic measures of performance is one of several mechanisms imported from private business and public administration that are arguably dysfunctional in university settings. Others include an exaggerated emphasis on instrumentalism, a mindless pursuit of institutional growth, an over-confident faith in information technology, a mechanical application of funding formulae, and a stress on entrepreneurship. Leeder (1998, p.15) agreed, railing against the demolition of academic administration of universities and the erection of the tents of corporate managerialism in its place. In Leeder’s view (1998, p.15), a dark smog hangs over universities in Australia: pollution formed from the gas of political and academic rhetoric mixed with the dust of falling masonry as courses, academic values and traditions are bulldozed. Manne (1998, p.15) went further, claiming that corporate managerialism had been the death of universities in Australia. Those who support this kind of corporatisation, Manne (1998, p.15) argued, failed to understand how hostile the new conception of the university as merely a special kind of business enterprise will ultimately be to what is most valuable in the old idea of the university. Manne (1998, p.15) was particularly critical of the West Committee (1998) which, in its Final Report, recommends with real dogmatism, the imposition of a corporate model of government. It is utterly blind to how demoralising and inefficient such an imposition on universities of a centralised and hierarchical business management style can be.

Those who disagree with Leeder (1998), Manne (1998), Bradley (2003), and others who criticise the trend to corporatisation in universities, tend to scorn their arguments as effete expressions of nostalgia. Bradley (2003), for example, argued that:
There remain traces of a romantic attachment to an older parliamentary model of governance – a notion of universities as self-governing bodies of scholars ... where representatives of these scholars together with often venerable and certainly distinguished external members preside over the more formal responsibilities of the institution. However, that model is long dead (p.2).

However, Bradley (2003) argued, appropriate models of governance were still to be found; governing bodies of universities were still coming to grips with issues such as:

... distinctions between governance and management; the appropriate balance of powers between the governing body, executive management, and the academic community of the university; the relationship with governments, state and commonwealth, when a decreasing proportion of the institution’s income derives from government; how to gain internal and external stakeholder commitment to the institution’s directions; and, how to manage risk, especially financial risk (p.3).

Bradley’s (2003) comments echoed those of Marginson (1998b, p.43) who was not surprised that corporate practices had become entrenched because universities have always borrowed from the organisations outside them, reworking their missions in hybrid ways. Like Bradley (2003), Marginson (1998a, 1998b) was convinced that there could be no return to the collegial era of governance. However, he argued, finding the most appropriate way to go forward was going to be a difficult task. He suggested that this would certainly involve two elements: establishing a more effective synergy between corporate and academic aspects of universities, and recognising ways to build effective relationships between universities and governments so that all can work together to achieve goals that should be largely mutual.

**Developments in Communications and Information Technology**

In recent decades, developments in information technology have transformed ways in which people work and communicate. These developments have improved employee productivity and effectiveness, and reduced costs and complexity of operations. Transforming ways in which knowledge is accessed, analysed, stored, and disseminated, such technologies have also changed administrative practices, processes and systems dramatically (Cunningham et al., 1998; Katz et al., 1999a; McIntyre & Marginson, 2000).
In universities, too, new communication tools enabled by information technology have allowed researchers to collaborate rapidly and effectively through electronic mail and discussion groups, and to disseminate results more quickly through use of the World Wide Web (Duderstadt, 1999; et al., Katz, 1999a). These tools have played increasingly important roles in student acquisition, interpretation, organisation, and dissemination of knowledge. Drawing on research by Porter (1980), Daniel (1996, p.81) contended that technology affects competitive advantage if it influences a firm’s relative cost position or differentiation ... It is likely to have an impact on both, since technology influence costs and uniqueness drivers and is also influenced by them. He argued that in mega-universities, defined as large providers of higher education where distance education is clearly the primary activity (e.g., Open University in the U.K.; University of Phoenix and De Vry Institute in the U.S.), new communication and information technology tools have been particularly potent. Believing that universities of this kind are of particular concern to traditional universities in the way they use information technology to support their sophisticated logistics (Daniel, 1996, p.81), Sadlak (1998, p.103) claimed that the number of such virtual universities offering virtual degrees is steadily increasing.

Recognising that these virtual institutions, many of which have access to sophisticated simulations, advanced databases and leading academics, might become a preferred option for significant numbers of students, Davis (2006a, p.2) predicted that it is likely international; Phoenix-type operators will find common cause with an already burgeoning local private sector to present unprecedented competition for Australia’s public universities. In response, universities have had little option but to upgrade technologies to maintain competitiveness. These upgrades have been costly.

**Internationalisation and Globalisation**

With growing interdependence of countries and regions during the past 50 years has come the recognition that the world needs people who can operate across national boundaries and outside familiar economic, legal, linguistic, political, and social circumstances (AVCC, 1992). In response, universities throughout the world have been actively positioning themselves to operate in an increasingly competitive global environment by incorporating internationalisation processes into all aspects of operations. Put simply, these processes
involve the integration of international and inter-cultural dimensions of teaching, research, and service (Beck, Davis & Olsen, 1996; Harman, 2004). Scott (1998c) saw the main elements of internationalisation of higher education as greater movement of students and staff around the world, and increased flow of ideas through research collaboration.

Mazzarol et al. (2003) estimated that there were 1.5 million students studying internationally at the higher education level in 2000. However, most universities now realise that internationalisation means much more than attracting overseas students to compensate for funding shortfalls. Indeed, universities believe that internationalisation of activities is vital to survival. With expansion and diversification of higher education has come the realisation that, in a shrinking world:

Institutions that retreat into a complacent inwardness, rest on their laurels, are satisfied with ‘this is how it has always been done here’, or maintain rigid, top heavy bureaucracies and over-centralized decision-making, will fail or barely survive (Skilbeck, 1997, p.102).

Most universities also now understand that international benchmarks are ultimate measures of quality (see, for example, ANU to 2005: Strategic Plan, Australian National University, p.7; Strategic Plan 1999 – 2004, University of Sydney, p.20; University of Tasmania Plan 2005 – 2007, University of Tasmania, p.2). By means of scholarships and other incentives, universities encourage students to get exposure to other cultures through Study Abroad programs. However, internationalisation of university education in Australia has not been easy. Robinson (2001, p.1) recognised that:

[As universities] have moved rapidly from the traditional view of university life ... on a single campus, face to face, and full time to academic endeavour which is multi-site, multi-modal, multi-lingual, multi-cultural and multi-national ... [they] face the daunting task of redefining almost every aspect of their life; not merely their course and research profiles, but their information technology and support systems, organisational arrangements, staffing structures, conditions of service, planning cycles, administrative procedures, infrastructure, languages of tuition, international locations and both educational and commercial partners (p.1).
Understandably, competition for visibility and recognition among universities seeking to create and nurture an international clientele has increased. Several competing internationalisation strategies are discernible (Robinson, 2000). As noted earlier, some universities are working independently; others as members of groups or networks. Some have decided to establish international branch campuses, or to franchise their awards; others are collaborating with respected competitors to create entirely new entities to serve overseas markets. While Australian universities have looked beyond national borders for best-qualified staff and latest knowledge for many years, broader forms of internationalism have recently emerged (Harman, 2005; Niland, 1998c). Not only do these forms call for increased movement of students and staff but also for adaptation of teaching and learning frameworks to an international context; training of staff to work in a multi-cultural framework; implementation of employment contracts requiring staff to work off-shore as needs arise; development of joint degrees and double badging of testamurs; marketing of education on an international scale; and establishment of agencies to assist students seeking employment abroad after graduation (Niland, 1998c).

Beyond internationalisation, however, is globalisation (Scott, 1998; Teichler, 2004). Where internationalisation implies an endeavour to serve, or otherwise take account of, more than one national market, globalisation implies a vision of the world as one single market (Altbach, 2004a). Globalisation is a concept that has vast attraction to many of the world’s most powerful business corporations because it allows them to optimise their sphere of operations: by obtaining economics of scale; by sourcing low cost labour and materials; by cross-subsidising operations; by taking advantage of national incentives; by accessing strategically important markets; and by dodging trade barriers. Rizvi and Walsh (1998, p.7) argued that globalisation can be both a differentiating and homogenising force.

Skilbeck (1997) observed that some of the universities, if they have not adopted a globalisation strategy already, are moving steadily towards one:

*The large and most enterprising universities are already operating multi-nationally in the sense that not only do they have recruitment policies which draw on students world-wide, often on a high-fee-paying basis, but many of them also operate from multiple sites in many countries ... Some are setting up*
relationships whereby particular faculties or departments of certain universities in other countries are recognised as virtual sub-units of the mother universities ... R & D operations are often well established elements within long standing and highly productive international networks of researchers (p.103).

In agreement, Chipman (1999a) suggested that globalisation and the new information technologies permitted universities to deconstruct the typical vertically-integrated university, allowing some functions to be accomplished at locations distant from the main campus, and at lower cost.

Currie (2004), however, saw negative implications of globalisation for universities:

**The creation of a globalized international sector has led to fundamental tensions – tensions between the globalization of education and the fulfilment of local-national needs; tensions between commercial and non-commercial operations and objectives; and tensions between the private interests of universities, now defined as self-managing corporations, and public goods (p.57).**

Skilbeck (1997), too, had serious reservations about the wisdom of the policy of globalisation. He suggested that universities might be wiser to focus attention on the earlier movement of internationalisation and the free exchange of ideas among communities with separate identities and cultures. Knight (1997, p.6) partly shared this view. She saw internationalisation as an important response to globalisation ... a way in which a country can respond to the impact of globalisation yet at the same time respect the individuality of the nation. Not surprisingly, Vaira (2004, p.483) refers to the impact of globalisation on higher education as ambiguous and open to different and divergent interpretations.

In contrast, Sadlak (1998) contended that globalisation can work to the advantage of social and economic development. He argued that:

**Globalisation is a relatively new phenomenon and some of its processes are just beginning to show at local, national and international levels. We have only just started to organize our international life in a way that will allow us to deal with the problems associated with this multi-faceted phenomenon ... It might help us to understand and accept that the world continues to undergo immense**
transformations and is beset by problems which can and must be dealt with on a worldwide basis. It brings much closer to our collective attention through traditional media, satellite television and Internet-based networks, what is going on in the world (p.106).

Notwithstanding that, many Australian universities are still wary of what is happening. For instance, in its published strategic plan, the University of Southern Queensland (USQ) lists globalisation among many challenges presented by the current operating environment. Trepidation about globalisation on the part of USQ is not based on any concern for loss of cultural diversity but on the idea that, as national economies and workforces are dramatically altered by the pressure of globalisation and the increasing pervasiveness of new technologies, universities will find it increasingly difficult to stay relevant (University Strategic Plan, 2002 – 2004, University of Southern Queensland, p.4).

Deregulation, System Diversification, and Emergence of Alternative Providers

In recent years, governments of many Western counties, faced with problems of having to do more with revenues that have failed to keep pace with demand for services, have sought to improve effectiveness and efficiency in public sector operations in various ways (Scott, 1984, 1998a). Measures taken, in Australia as elsewhere, include imposition of cuts to budgets of public sector organisations, introduction of new financial management and accountability practices, and industry deregulation.

In Australia, however, industry deregulation – or opening up parts of public service provision, including higher education to private providers - has not been based solely on economic imperatives. Issues of equity, and of social and cultural development, have also been involved. In Our Universities: Backing Australia’s Future (2003), an Issues Paper designed to stimulate an informed debate about the future diversity of Australian universities (p.1), the Hon. Brendan Nelson, former Minister for Education, contended that Australia’s universities are now on a collision course with mediocrity (p.2). Calling for debate on whether the existing range of types of higher education institutions provides sufficient diversity and flexibility to meet student and employer expectations, and to deliver the research and teaching outcomes that we need in a knowledge-based economy (p.2), the Minister averred that
Australian universities face global horizons with international quality benchmarks increasingly bearing down on them (p.i).

Claiming that a wider diversity of institutional types would not only promote greater choice for students but also stimulate sector growth and provide flexible entry points for institutions seeking to deliver higher education, Minister Nelson declared:

_Nationally and internationally, demand for more flexible and adaptable forms of higher education provision have led governments to review the criteria which regulate and define universities and other providers ... Australia’s future global competitiveness may depend on greater diversity in the types and nomenclature of institutions which constitute our higher education system (p.1)._

Maintaining that _Australia’s global competitiveness may depend upon greater diversity in the types and nomenclature of institutions which constitute our higher education system (p.1)_

Nelson averred that a more diverse system could be achieved _in many ways, including institutions forging distinct missions within the overall system and through greater collaboration between individual universities and other education providers, industry, business, regions and communities (p.i)._

In support of his proposals, Nelson referred to greater diversity of higher education systems in the U.S., the U.K., and some European nations (e.g., Norway, Netherlands), and to calls by the World Bank for greater institutional variety. He also noted observations by Guthrie et al. (2004, p.32) that there is _a broad, but not uniform, world-wide move away from binary systems based on distinct missions between universities and other higher education systems._

Nelson’s _Issues Paper_ called for debate on two separate aspects of system deregulation and diversification. The first aspect was proposed relaxation of protocols that govern higher education in Australia (see Wilson, 2005). Present protocols restrict entry to the university sector – and use of the title _university_ - to institutions that meet stringent criteria relating to the provision of teaching and research. Protocols that govern elevation of institutions to university status are seen by some to provide traditional universities with unfair trading advantages (Wilson, 2005). According to a spokesperson for the Australian Council for Private Education and Training (ACPET), membership of which now exceeds 150
institutions, these private providers are looking for a recognition that there is a private higher education system in this country. It’s a sector that in the main is commercially oriented and is not seeking government monies but does want a market environment that allows it to compete with universities on equal terms (quoted by Maiden, 2005b, p.21). While some private providers offer courses in areas such as business and information technology that are similar to those offered in universities, and others serve niche markets in theology, natural medicine, creative arts, and hospitality, they cannot call themselves universities. In 1999, enrolments at institutions of this kind totalled 20,000 students; by 2005, enrolments had exceeded 45,000 students (Rood, 2005a). Recent changes to the Federal Government’s deferred loans scheme for full-fee paying students (FEE-HELP) appear to have contributed to this growth.

Gallagher (2000, p.19) believed that the biggest threat posed by alternative providers was not that they would undermine the school-leaver market of universities but that they would heighten competition for the higher education of working adults and continuing professional education. However, pointing out that enrolments in courses offered by private providers were now larger than that of any single Australian university, Davis (2005) warned that it was not difficult to imagine a time when these [alternative providers] are in direct competition with universities (p.6). Cautioning universities to remain vigilant about the quality of their offerings to combat this growing trend, Davis (2006a, p.10) claimed that at present, just one impediment constrains such private providers from even greater expansion, and that is access to the title university.

Not surprisingly, the Australian Vice-Chancellors’ Committee (AVCC), which supports limited relaxation of present protocols, is wary of any change that might weaken the competitive position of traditional universities. Explaining the AVCC’s position, spokesperson Yerbury (2005) commented:

> The AVCC is not trying to stop fair competition from others seeking private and government funding ... However, it should be borne in mind that for-profit providers will not furnish the community at current funding levels with the range of unprofitable programs and expensive research that it expects of universities. In no way, then, can [private providers] be regarded as alternatives to universities (p.27).
The second aspect of Minister Nelson’s *Issues Paper* was his call for debate about the extent of diversity that exists among existing universities. Referring to present arrangements as a *one-size-fits-all* model (p.1), Nelson stressed that the key issue for debate was whether existing *types of higher education institutions provide sufficient diversity and flexibility to meet student and employer expectations and to deliver the research and teaching outcomes* (p.2) needed in a knowledge-based economy. Of key importance in this consideration is whether *the requirement for all universities to undertake research as well as teaching* (p.2) is still relevant. Acknowledging research of Henkel (2004) and Kogan (2004), both of whom identify benefits of retention of links between research and teaching, Nelson noted that the *nexus between university title and research has recently been broken* (p.11) in higher education settings in the U.K. Nelson stressed that maintenance of Australia’s *global competitiveness* was of paramount concern in the debate on this issue (p.26).

Although none of the existing universities have yet shown observable interest in moving towards a teaching-only model, Corden (2005) predicted that some might need to do so in order to survive as foreign universities enter the Australian market:

> Eventually, private universities ... might include universities and their branches that are owned by foreign governments. Private universities can hardly be prevented from establishing in Australia since Australian universities have established their branches or subsidiaries in other countries (Corden, quoted by Illing, 2005a, p.21).

However, Corden (2005) believed that even the most vulnerable of Australian public universities - smaller and newer universities hampered by unfavourable locations - would not necessarily suffer in a market-driven system because they can compete by focusing on teaching and quality of services to students rather than research reputation. They can specialise, and they can compete on price (Illing, 2005a).

Nevertheless, some universities have already made significant moves to distinguish themselves from rivals. In 2006, for instance, Victoria University introduced a policy which will require all undergraduate students to spend a quarter of their course in work placement related to their study, a first for Australian universities (Rood, 2006). From 2008,
University of Melbourne will require all students to undertake generalist degrees before commencing their specialist and professional degrees (www.futurestudents/unimelb/courses, accessed 1 February, 2007). This university’s initiative, based on the traditional U.S. model, is also a first for Australian universities.

However, efforts by individual universities to differentiate themselves have not met with universal acclaim in the past. The University of Melbourne, for instance, believed that while diversity may be encouraged in principle, the system-wide approaches to policy development tend to promote conformity and uniformity in practice (Strategic Plan, 2004, University of Melbourne, p.2). Describing itself in its Strategic Plan, 2004 as unashamedly competitive (p. 24), The University of Melbourne considered that it had been the subject of unfair political, sectoral and media criticism for its efforts to promote itself as one of the finest universities in the world. Melbourne was unhappy that, in a system that to that point in time seemed anxious to behave as if all universities were equal (p.23), its own efforts to differentiate itself from other Australian universities had been seen as elitist (p.24).

Paradoxically, as Government and Opposition parties continue their push for diversity, strategies aimed at homogenising (or harmonising) higher education to allow for easier credit transfer and articulation are receiving attention. Given impetus by the Bologna Process, an initiative of 40 European countries aimed at facilitating movement of students across national borders, these strategies are being warmly embraced by University of Technology, Sydney (see case study in Chapter 4). Teichler (2004) noted this paradox, referring to tensions between increasing diversity in higher education and efforts to facilitate recognition of prior studies on student mobility (p.1). In Building Greater Diversity (2005), Minister Nelson acknowledged this paradox, calling for consideration of its dimensions also in the proposed debate on diversification in the interests of the capacity of Australian universities to compete globally (p.11). More recently, the present Minister for Education, the Hon. Julie Bishop, warned that if Australia does not align itself with the changes taking place ... it will be left out. She suggested that Australia needs to adopt these changes to meet competition from a powerful higher education bloc forming in Europe (quoted by Illing, 2006a; see also Davis, 2006b, 2006c; DEST, 2006a).
Within this context, Australian universities are grappling with issues that, while not unrelated to global developments, have unique relevance to the higher education sector in this country. These include issues related to quality; workplace productivity; equality of opportunity for women, indigenous students, and other disadvantaged groups; abolition of compulsory student union fees and the consequent difficulties in providing services and support; free trade agreements and their repercussions for higher education provision; introduction of sustainable development practices; and government initiatives to address national skills shortages. Impacting in various ways on competitiveness, these issues make it imperative for universities to have a clear understanding of the bases of competitive advantage, and of strategic options for gaining and maintaining competitive position, if they are to prosper and survive.

**Rapid Intensification of Competition**

According to a review of world higher education markets commissioned in 1997 by the British Government, there is presently an insatiable demand for high-quality, cost-effectively delivered, tertiary education in English, a demand that can be attributed to increasing prosperity and the globalisation of business (Tysome, quoted by Mazzarol & Hosie, 1999, p.4). Estimating that the global requirement for higher education will more than double to 97 million people seeking courses by 2010 from just 48 million in 1990, this review lists Australia, along with the U.S., the U.K., Canada, France, and Germany, as established and emerging key players in the student recruitment business. This review reveals that, while the U.S., the U.K., Canada, France, Germany, and Australia were somewhat hampered in their recruitment efforts by the economic downturn in South-East Asia in the mid-late 1990s, they are now homing in on fresh opportunities in other booming higher education markets, including China, India, Brazil, Mexico, and the Middle-East.

However, as previously noted, published strategic plans suggest that Australian universities are not as optimistic about the future as this review suggests they should be. Universities are aware not only that competition for new overseas opportunities will be fierce but also that competitive pressure is mounting in domestic markets. Regarding themselves as seriously under-funded, and still coming to grips with government initiatives since the early 1980s to introduce greater elements of competition and contestability into the higher education system
in the interests of efficiency and productivity, many universities are currently struggling to cope (Brown, 2005a; Davis, 2005, 2006a; Marginson, 2004a).

Avoiding a slide into mediocrity, irrelevance, or even oblivion will not be an easy task for some Australian universities. They will need to be careful in selection and implementation of strategies that will lead to success as they manoeuvre for market position. They must be able to respond quickly to moves of strong competitors - existing and new, many of them with global ambitions - in markets that are considerably freer and more open than at any previous time. In short, if Australian universities are to survive and prosper, they will need a sound understanding of dimensions of the competition in which they are engaged. The aim of this thesis is to enhance that understanding.

**Thesis Structure**

The present chapter (Chapter 1), *Australian Universities in Increasingly Competitive Environments*, establishes the context for this research by describing environments in which Australian public universities are currently operating and discussing factors that have led to rapid intensification of competition in the global higher education sector. In doing so, this chapter demonstrates the relevance and timeliness of this investigation, and its relation to previous research.

Chapter 2, *Literature Review*, is a survey and evaluation of literature relevant to this thesis. Key aspects of this review include: trends and developments in global higher education; characteristics of Australian higher education; rapid intensification of competition, and university responses; utility of public sector models and frameworks in university contexts; and strategy planning in universities, domestic and international. The chapter concludes with a discussion of the relationship of the present research to previous studies.

Chapter 3, *Study 1: Content Analysis of Strategic Plans*, is a systematic analysis of published strategic plans of universities using *Leximancer* (Version 2.20). Concepts identified by this content analysis give rise to propositions relating to present levels of concern of universities with rapid intensification of competition, strategies formulated by universities in response to increasing competition, and theoretical bases of responses.
Chapter 4, Study 2: Interview-Based Multiple-Case Study, begins with explanation and justification of the constructivist paradigm and qualitative approach underpinning this investigation. Propositions arising from content analysis of strategic plans are tested by means of interview-based case studies of a selected sample of universities. Justifying generalisation to the whole population, the case studies are used to garner greater insights into the current competitive behaviour of universities.

Chapter 5, Study 3: Conceptual Framework to Guide Strategy Development, draws on findings of Studies 1 and 2 to develop a unique conceptual framework to guide strategy formulation in universities in today’s highly competitive markets.

The study concludes in Chapter 6, Implications for Research, Policy, and Practice, with a discussion of implications of this investigation.

**Conclusion**

Although significant reference is made to dimensions of the concept of competitive advantage, this thesis is not a study of competitive advantage, per se. Rather, the term competitive advantage is used in this thesis to express the extent to which universities have the knowledge and ability to overcome challenges that increasing competition poses, and to maintain and/or improve their market positions. Illustrative of the sense in which the term competitive advantage is used in this thesis are the latest ranking of universities by Shanghai Jiao Tong University, accepted worldwide as an indicator of university performance and prestige. Moodie and Armitage (2007, p.36) draw attention to the observation that only seven Australian universities appear among the world’s top 100 performers ranked by broad fields of research on this list. Ranked on all criteria, including research, U.S. universities occupy 300 of the 500 places available. Britain is next with 49 places, followed by Canada with 25 places, and Japan and Germany with 20 places each. Australia and The Netherlands have 15 places each, ahead of Switzerland, Sweden, Israel and China (all with 10 places). Although rankings produced by other organisations and institutions (e.g., The Times Higher Education Supplement; Melbourne Institute) differ to some extent owing to variations in criteria used, and while ranking by institution masks variations in performance by department, variables
used in schemes of this kind are *increasingly recognised as attributes of a world-class university* (Illing, 2005c, p.25). In that these rankings play a significant role in attracting scholars, researchers, alliances, and funding, they are important to the competitiveness of universities.

The *Strategic Plan 2004* of The University of Melbourne provides further illustration of the sense in which this thesis uses the term *competitive advantage*. Stressing that increasing global demand for higher education is creating global opportunities and global competition, the plan states:

*Adherence to highest international standards of academic quality, openness to ideas, staff, students and scholarly collaborations from around the world, and the concomitant development of international competitiveness, recognition and status, will be the major determinants of long-term success for first rank universities in all developed countries* (p.7).

Thus, by *competitive advantage* in this thesis is meant the capacity to achieve the kind of long-term success envisaged by The University of Melbourne. While this long-term success will vary in its dimensions from university to university depending upon mission and objectives, competitive advantage in this thesis implies the competence to survive, maintain and improve market position, prosper, and grow.

In both theoretical and practical terms, therefore, outcomes of this investigation are timely. In identifying universities that appear to be paying adequate attention to rapidly intensifying competition, and to those that do not (Study 1, Chapter 3), this research breaks new ground. In evaluating strategies that universities are adopting as they strive to maintain market position in challenging times (Study 2, Chapter 4), and in providing a conceptual model against which current strategies can be tested (Study 3, Chapter 5), this investigation has far-reaching implications for university managers, researchers, and policy makers.
Chapter 2

Literature Review

Chapter Overview

Beginning with a brief reiteration of the view that Australian public universities will need to compete in ways that are relatively new to them if they are to survive and prosper in increasingly challenging environments, this chapter surveys literature relevant to this research in two broad sections. The first section discusses the impact of globalisation on higher education systems throughout the world and particularly in Australia. The second section surveys models of competitive behaviour, their applicability in the private sector, and their appropriateness and utility in higher education settings. Outlining questions to which the literature gives rise, and re-stating the objectives of this thesis, this chapter concludes with a discussion of the relationship of this research to pertinent studies, and of its contribution to the literature.

Introduction

Driven internationally by powerful forces of globalisation and technological change, and fuelled domestically by deregulation and reductions in public funding, competition between providers of higher education in Australia has intensified rapidly (Coaldrake & Stedman, 1997; Corden, 2005; Marginson, 2004a). In the university sector, especially, the coming decades are likely to see further escalation in intensity of competition as per capita funding is further reduced (Bradley, 2003; O’Keefe, 2005), as even greater elements of competition and contestability are introduced in the interests of productivity and efficiency (Brett, 2000; Maiden, 2005a, 2005b), as strong rivals from overseas look for new opportunities in Australia (Chubb, 2005; Cohen, 2005; Davis, 2005), as new providers emerge to offer education and training in non-traditional forms (Altbach, 2001; Coaldrake & Stedman, 1997; Rood, 2005a; Yerbury, 2005), and as domestic universities manoeuvre for market position (Brown, 2005a; Marginson, 1998a; Niland, 2000; Peacock, 2005). Exacerbating this situation are reports of
slackening demand in traditional markets for overseas students whose fees are keeping many universities afloat (Illing, 2005b; Rood, 2005b).

Harman (2000) predicted that this increasingly competitive environment could cause some universities to close or to merge with others. While Harman’s (2003, p.343) research found that mergers that had already taken place had produced a system comprising large and comprehensive institutions well suited to compete in the new internationally competitive environment, there is still considerable doubt in the minds of many about the capacity of all Australian universities to maintain their market positions (Brown, 2005a; Davis, 2006a; Morton, 2007; Pick, 2006). Universities that survive and prosper will have developed and implemented strategies that are based on a sound understanding of the dimensions of competitive strategy, and of factors that provide competitive advantage (Harman, 2006).

Making achievement of this understanding more difficult in the current circumstances are complex processes of globalisation which have increased and accelerated interconnectivity and interdependence between economies, polities, societies, and cultures worldwide (Mok & Tan, 2004; Tierney & McInnes, 2001). Through the literature, the following sections discuss what is involved in this understanding. The first section, Universities in a Global Environment, discusses the importance and complexity of the globalisation movement and outlines its impact on systems of higher education in Australia and throughout the world. The second section, The Quest for Competitive Advantage, reviews and evaluates the literature of competitive advantage, surveying extant models of competitive behaviour and their utility in the context of higher education.

**Universities in a Global Environment**

Suggesting that globalisation is perhaps the most fundamental challenge faced by the University in its long history, Scott (2000, p.5) argued that current challenges to higher education cannot be understood unless proper account is taken of the phenomenon of globalisation. Sadlak (1998, p.100) described globalisation as an expression of ‘new geopolitics’ in which control over territory is of lesser importance than the control of and access to all markets, the ability to generate and use knowledge, and the capacity to develop new technology and human resources. Gibbons (2002, p.5) referred to globalisation as the
imitation, adaptation and diffusion of technological innovations as the process of industrialisation spreads from one country to another.

Contending that the concept of globalisation is still far from clear and ill-defined, van Damme (2001, p.1) identified its six key characteristics as (i) the rise of the ‘network’ society, a society driven by technological innovation and the increasing importance of knowledge; (ii) restructuring of the world economic system as newly industrialised nations emerge and new interdependencies between states are created; (iii) political reshaping of the world order, with strategic shifts in power balances and the emergence of new blocs to challenge the hegemony of existing superpowers; (iv) growing real, but also virtual, mobility of people, capital and knowledge because of new transport facilities, the development of the Internet, and an increasingly integrated world community; (v) erosion of the nation-state as its capacity to master social, economic, and political transformations weaken; and (vi) complex cultural developments which see, on one hand, homogenisation - of language and the spread of commercial culture – and, on the other hand, growing elements of differentiation and segregation, such as fundamentalism, intolerance, and loss of identity.

Sadlak (2000) observed that impacts of globalisation can be seen in the increasing demand for access to higher education, in the emergence of new information and communication technologies, and in the growing commitment to internationalisation of universities in all societies. With market forces at the core, global forces have affected the way public sector organisations are managed and public policies developed (Weck & Denman, 1997; Yang, 2003). As a result, universities today operate in a highly competitive milieu where resources are becoming scarcer, where there are growing concerns with value-for-money and public accountability, where there are unprecedented levels of public scrutiny, and where providers have to accommodate increasing demands from local communities (Allen, 2003; Mok & Tan, 2004).

Importance and Complexity of Globalisation of Higher Education

Stressing both the importance and the complexity of the globalisation of higher education, Scott (2005b, p.1) argued that its importance lies in the idea that the enhanced scientific and cultural exchanges to which globalisation gives rise provide an essential counter-weight to ... the more pessimistic and much darker faces of internationalisation usually presented in the
media. These academic exchanges, scientific and cultural, represent the most positive and most hopeful face of internationalisation (p.1), helping to balance its more negative elements - threats of war and terror, growing evidence of environmental challenges, increasing numbers of natural disasters, and the unconstrained power of multi-national corporations.

The complexity of the globalisation of higher education is well illustrated by four different accounts of globalisation which are current (Scott, 2005b, p.1). The first, and most familiar, account is that the world is becoming a single, gigantic global market in which the power of nation states has been diminished, and where multi-national corporations are predominant, and free markets, outsourcing, and privatisation are norms. In this account, world-class research universities are key players because they produce much of the fundamental science and advanced technology on which the knowledge economy depends. As a consequence, universities are engaged in global competition for prestige that attracts top-calibre researchers, enables high-level exchanges, and builds institutional share of the knowledge production business. The second account of globalisation sees knowledge production and knowledge dissemination inextricably entwined. What is emphasised in this account is innovation, not only in fundamental science and advanced technology but also in social, political and cultural areas of endeavour. Of prime importance to universities in this account are the embedding of ethnic, religious and political agendas in the curriculum and equal-sided academic exchanges. The third account of globalisation emphasises the growth of world culture and the persistence of cultural differences. Here, universities become interpreters and mediators, playing key roles in creating a shared sense of humanity and in promoting universal values, international understanding and mutual respect. The fourth account of globalisation emphasises the role of those who are fundamentally opposed to this movement and either peacefully or violently attempt to prevent its spread. They oppose all of the evils that globalisation seems to produce. They oppose the free-market, high-tech future; they oppose degradation of the natural and human environments; they oppose the loss of cultural values. In this final account, universities need to be placed where they are free to engage in vigorous academic exchanges, but where they are protected from the turbulent and complex global forces that swirl around them.

These differing accounts of globalisation makes managing today’s universities more difficult. By paying more attention to one account than to another, university managers may come to different conclusions about the future direction of their institutions (Scott. 2005b, p.2).
Where should management focus predominantly lie - on scientific and technical knowledge production, on entrepreneurial, more market-oriented forms of trans-border education, or on something else? Gibbons (2002, p.1) agrees, maintaining that globalisation is so complex a phenomenon that it is difficult to enter into its various processes to extract those that are likely to have the greatest impact on higher education.

Implications for Higher Education

Scott (1998, p.122) drew a distinction between internationalisation and globalisation in the higher education sector, observing that while not all universities are (particularly) international, all are subject to the same processes of globalisation. Scott (2000) argued that although internationalism is a quality that universities have always espoused – as seen both in the desire of colonising powers to establish institutions abroad modelled on those at home and in cross-border intellectual exchanges associated with the quest for objectivity or universal truth in research – the forces of globalisation can reduce universities to the status of victims. In this radical shift from neo-colonial internationalisation to post-colonial globalisation, the impact of these forces cannot be walled off by tough immigration or asylum policies or policed by superpowers (Scott, 1998, p.122). Within this context, two aspects of globalisation that have particular relevance to Australian universities and their ability to compete effectively: massification of higher education systems worldwide, and reconfigurations of time and space. Both of these aspects create opportunities for Australian universities but expose them to significant competitive risk.

Mass systems of higher education are relatively recent phenomena. In 1900, approximately 500,000 students were enrolled in higher education institutions worldwide; by 2000, the number had grown to 100 million (Schofer & Meyer, 2005). Many developing as well as developed countries now have mass student populations. In some industrialised countries, enrolments represent up to 80% of college-age people (Schofer & Meyer, 2005). Once reserved for national elites, higher education is now seen as a democratic entitlement and civic right. Van Damme (2002) suggested that rapid expansion of higher education can only increase in the decades ahead as the developed world asks for even more highly qualified knowledge workers and as economic development, modernisation and demographic pressure fuel demand in developing nations. This demand will not only grow quantitatively but also become more diverse as traditional qualifications (degrees and diplomas) are supplemented by
specialised programmes, vocational and competency-oriented training, and modular courses adapted to a lifelong learning demand (Van Damme, 2002). Moreover, new communication technologies and the Internet, providing enhanced opportunities for more flexible delivery of higher education, will create new demand, especially in the developing world where academic qualifications are commonly seen as the gateway to economic prosperity and social security (Van Damme, 2002). Because neither local institutions nor governments are likely to have sufficient resources to deal with massification of demand in many countries, there will be opportunities for international universities and non-traditional virtual providers to exploit unmet demand (Van Damme, 2002, p.23).

Presently, education exports earn in excess of US$40 billion from two million students worldwide (Marginson, 2005). That Australian universities have proved themselves adept at exploiting international opportunities is evident both in the scale and scope of their overseas operations and in the number of foreign students they have attracted to their domestic programs in recent years. In 2003, 19 of 37 public universities enrolled more than 5,000 international students (Marginson, 2005). In 2005, 163,930 full-fee paying overseas students (FFPOS) were enrolled in Australian universities in total (DEST, 2006c). Of these students, 76% were from Australia’s top ten markets – China (24.4%), India (13.6%), Malaysia (9.4%), Hong Kong (6.5%), Indonesia (5.8%), Singapore (5.1%), South Korea (3.3%), Thailand (3.2%), Taiwan (2.4%), and Bangladesh (2.3%). Additionally, there were over 2000 students enrolled from each of Middle East, Canada, Vietnam, Japan, USA, and Kenya/Zimbabwe (combined).

However, while Australia’s performance has been commendable in the past twenty years, the global market is highly dynamic (Abbott & Doucouliagos, 2003; DEST, 2002). Already, slackening of demand is evident. While the total number of FFPOS enrolled in 2005 represented a growth of 8.3% over the previous year, growth in 2004 over 2003 was 11.5%, and in 2003 over 2002 was 16.7% (DEST, 2006c). Although growth in enrolments from China (+32.6%) and India (+24.8%) was strong in 2005, enrolments from a number of traditional markets fell: Malaysia (-3.3%), Hong Kong (-2.5%), Indonesia (-9.5%), Thailand (-8.2%), and Taiwan (-4.8%) (DEST, 2006c). Pointing to the risks involved in high levels of exposure to the global market, Marginson (2005, p.3) argued that presently all Australian universities are dependent on [these] revenues and five [of them] derive over 20% of revenues from this source, a high level of exposure. Additionally, increasing use of
information and communication technologies, initiatives in off-shore delivery, and emerging limits to growth in on-shore numbers of full fee-paying overseas students are all likely to impact on the future development of Australia’s education exports (DEST, 2002). Moreover, Australia’s main competitors – the U.S., the U.K., Canada, and New Zealand – are taking steps to protect their market shares, and new competitors are already emerging in Malaysia, Singapore, France, Germany, Ireland, and the Netherlands (DEST, 2002). Many of these, Marginson (2005) noted, particularly those from Malaysia, Singapore and China, have the capacity to undercut Australia’s costs substantially.

Nevertheless, Marginson (2005) argued, in being so successful in their export markets Australian universities may have created difficulties for themselves in competing globally in other ways. Specialising in high volume, medium quality, and low cost degree programs, Australian universities attract few of the highest calibre international students. While Australia has 10% of the world’s international students, only 4.5% of its international students are research students, much lower than the USA (16.6%) and UK (10%) (Marginson, 2005). Bedevilled by trade-offs between research capacity and commercial development, and between quantity- and quality-driven globalisation, universities have become boxed into a segment where international education is carried more by business strength (including brand marketing) than academic strength (the educational fundamentals of reputation (Marginson, 2005, p.8).

Of equal significance to universities in the way they will need to compete in the future are transfigurations of time and space that are presently occurring. Urry (1998) argued that the transformation of informational and communicational flows that are currently taking place worldwide are dramatically compressing and de-territorialising of time and place between people. Scott (1998, p.128) contended that, as new communications and social technologies have become better understood, traditional notions of time and space have been radically altered, and virtual institutions have become increasingly familiar. Today’s universities, Bloom (2002, p.128) maintained, compete in a world where new ideas are quickly brought to fruition and new technologies developed, and superseded, more rapidly than at any other time in history.

In this new environment, Scott (1998) believed, where the very existence of traditional universities with their strong sense of place is threatened, five possibilities suggest
themselves. The first is that all higher education in the future might be provided by a small number of existing world-class universities (or, at least, of world-class elements within them). The second is that networks of existing universities, coming together in blocs in much the same way as countries of Europe have come together to form the European Union, might dominate global higher education markets. The third possibility is the emergence of hybrid institutions that combine elements of traditional universities with elements of other kinds of knowledge creation and dissemination organisations (perhaps a single global corporation or a joint venture). The fourth is the possible emergence of huge virtual universities organised along corporate lines and, perhaps, by a single corporation or a small number of like-minded corporations. Finally, new global universities might emerge, governed and managed by giant corporations such as Microsoft and News Corporation.

Scott (2000) concluded that, although it is still too early to predict which of these possibilities, if any, is most likely, it is clear that universities are in a state of transition. While there is likely to be a proliferation of knowledge institutions in the future, these new institutions will have little in common with traditional universities. To meet the intense challenges of globalisation and to match the volatility of modern society, higher education will need to develop a new capacity – not simply to build alliances with other institutions (largely on its own terms) but to re-invent itself to allow a new configuration of institutions to develop (Scott, 2000, p.10).

The contours of this new configuration are still unclear, as is the time scale for re-invention. Altbach and Knight (2005, p.35) argued that, although the long-terms trends are strong and stable, several uncertainties might affect the future pace of globalisation. These uncertainties include political realities and national security (terrorism and consequent security restrictions on visa requirements might affect cross-border student flows); cost of study (rising tuition costs and visa fees might impact on international initiatives); expanded domestic capacity (as overseas countries increase access to higher education, interest in travelling abroad to study might decline); spread of English (the growing use of English as the language of research and instruction might stimulate interest in studying abroad); internationalisation of curricula (student need to travel might be diminished by further internationalisation of programs of study); e-learning (international acceptance of e-learning might lead to an expanded role for distance education); alternative providers (an expanding for-profit sector might reduce demand for traditional university places internationally); quality assurance and control issues
(quality assurance, perhaps the biggest problem for universities operating internationally, may be difficult to manage.)

Nevertheless, Katz (1999b) argued, the characteristics of higher education in the future, whatever shape it takes, are easier to suggest. There is likely to be a shift from faculty-based to learner-centred institutions as greater emphasis is given to student preferences in matters such as subject choice, time-tableing, and re-enrolment. Higher education is likely to become more affordable either through lowered costs or government subsidies. There is likely to be stronger commitment to providing opportunities for lifelong learning. Students are likely to be able to access multiple levels of education as their needs change rather than being forced, as at present, to progress in lock-step fashion. Asynchronous learning is likely to be a feature; constraints of time and place will be broken to make learning opportunities more compatible with learners’ lifestyles. Learning is likely to be more interactive and more collaborative. Higher education is likely to serve the needs of an increasingly diverse population.

Noting that universities, generally, have been reluctant to express their policies, intentions, and practices in competitive terms, Katz (1999b) argued that funding pressures and the emergence of new technology-based delivery systems will inevitably bring competitive thinking to the fore. One important driver of this changed outlook will be that the size and growth rates of markets for higher education in the future are likely to attract new and non-traditional competitors. Another will be that educational programs and applications will become increasingly remunerative to those who can produce them for use by others. In order to capitalise on opportunities presented in these circumstances, universities will become increasingly likely to enter into new and unusual alliances with non-traditional partners. However, Katz (1999) concluded, failure to move quickly will foreclose competitive options for many universities. Those universities with the most intellectual capital and the capacity to innovate and invest early will have a new and powerful source of competitive advantage (Katz, 1999b, p.37).
The Quest for Competitive Advantage

Since the early 1960s, interest in the study of competitive advantage (CA) has developed along two main branches – strategic management and marketing (Clutterbuck & Crainer, 1990). These branches inform and direct the present study, positioning it in the context of the literature. The following section describes the approach of each branch, discusses relevant models within them, outlines inter-relationships between them, and evaluates criticisms they have attracted. This section concludes with a consideration of research and practical implications of these two approaches and a discussion of concepts within each that have particular relevance to this thesis.

Strategic Management

Defined simply, strategic management is the determination of how an organisation, in its entirety, can best be directed in a changing world (Moore, 2001, p.xiii). Emerging in the boom decades that followed World War II in response to problems associated with managing complex, decentralised, and diversified conglomerates that were then being created, strategic management has developed as a progressive synthesis of practice and ideas (Forster & Browne, 1996). Key contributors to its early development were Chandler (1962), Ansoff (1965) and Learned, Christensen, Andrews and Guth (1965), although important precursors to their work are to be found in Drucker (1946) (customer focus), Levitt (1960) (organisational mission), and Sloan (1965) (multi-division companies as the basic structure of large business organisations). In later decades, Harrigan (1980), Levitt (1983), Ohmae (1982), and Porter (1979, 1980, 1985), among others, promulgated the practice of strategic management.

Explaining the importance to business success of setting long-term goals, of determining courses of action, and of allocating resources necessary to get things done, Chandler (1962) argued that the structure of organisations must be determined by their strategy. Chandler’s dictum, structure follows strategy, became a first principle of the new discipline (Stacey, 1993, p.65). Building on Chandler’s (1962) work, Ansoff (1965) maintained that organisational decisions fall into three hierarchical classes. At the top are strategic decisions, those concerned with having the mix of businesses and products that will optimise the firm’s potential to maximise return on investment (ROI). At the level below are administrative decisions, those involving ways in which the firm can best be structured to achieve its
strategic objectives. At the bottom are operating decisions, those concerned with the efficient running of the day-to-day activities that affect a firm’s ability to realise its goals. Mintzberg (1994b, p.3) referred to Ansoff’s (1965) approach to improving a firm’s position in its environment – and, therefore, making it more competitive – as the planning school approach.

In contrast, the approach taken by Learned et al. (1965), commonly referred to as the SWOT (Strengths, Weaknesses, Opportunities and Threats) model, has been dubbed the design school approach by Mintzberg (1990, p.36). This model suggests that, in order to improve its competitive position, a firm should analyse and evaluate all aspects of its operating environment, matching capabilities of the organisation to environmental opportunities and selecting strategies that allow it to make best use of strengths while covering weaknesses, and avoiding threats. This matching process, enhanced in following decades by strategy selection techniques such as portfolio models (e.g., BCG market growth-market share model; GE industry growth-market attractiveness model), shared experience models (e.g., PIMS), and notions of sustainability of competitive advantage, remains the standard approach to strategic management and planning today (Kotler et al., 2007).

**Strategic Management (SWOT) Model**

Figure 2.1 shows the standard SWOT approach to strategic planning and management (Kotler et al., 2007). In Step 1, an organisation defines its mission – the purpose for which it was created – and, usually, its vision, or its hopes and intentions for the future. Often, mission statements also spell out an organisation’s values and policies, and specify its competitive scope – where, how, and against whom it will compete, the types of customers it will serve, and the competences it will seek to garner. In Step 2, an organisation analyses its internal and external operating environments - the internal environment (business & product portfolios, structure & systems) to identify strengths and weaknesses, and the external environment (markets, customers, competitors, & macro-environmental conditions) to identify present and potential opportunities and threats. In Step 2, also, an organisation begins to identify and evaluate the strategic options open to it. In Step 3, goals and objectives are set, and specific strategies to achieve them are selected. Often, key performance indicators are also established at this stage so that results obtained by the selected strategies can be closely monitored and effectively measured. These performance indicators usually
Figure 2.1 Classic Strategic Management and Planning Sequence

Step 1
Mission
Business definition; nature and scope of activities; values and policies; competitive scope – that is, industries, customers, competences, the organisation wishes to serve.

Vision
The organisation’s intentions for the future and its understanding of what it takes to succeed.

Step 2
Environmental Analysis (SWOT)
- Analysis of external environment to identify opportunities and threats
- Analysis of internal environment to identify strengths and weaknesses
- Identification and evaluation of strategy options

Step 3
Strategy Selection
- Objectives
- Strategies
- Key performance indicators
- Financial forecasts, budgets

Step 4
Strategy Implementation
- Action programs
- Resource usage

Step 5
Performance Monitoring
- Evaluation against key performance indicators
- Corrective action, if necessary

Source: Adapted from Brown, Competitive Marketing Strategy (1997, p.17)
include various kinds of financial forecasts and budgets. Implementation of the chosen strategy occurs in Step 4. This step calls for formulation of detailed action plans and allocation of resources to enable the objectives to be achieved. Finally, at Step 5, actual results are evaluated against key performance indicators established earlier. Actions to adjust or change selected strategies can then be taken if the organisation’s performance is not satisfactory (Brown, 1997).

Sustainable Competitive Advantage

Obviously, that the main purpose of strategic planning and management is to help organisations compete successfully in their markets (Hamel & Prahalad, 1994). However, to compete effectively, organisations require CA that is sustainable (Barney, 2007). While there are many sources of competitive advantage (e.g., lower operating costs, higher quality goods and services, greater customer or client loyalty, greater service capability, better business locations, the capacity to innovate more quickly, and superior information technology systems), not all of them are sustainable. Some provide only temporary advantage; they can be imitated by competitors (Saloner et al., 2001). Thompson et al. (2005, p.7) argued that organisations achieve sustainable competitive when an attractive number of buyers prefer its products or services over the offerings of competitors and when the basis for this preference is durable. According to Barney (2007, p.102), firms have a sustainable advantage over competitors when they are implementing value-creating strategies not simultaneously being implemented by any current or potential competitors and when these competitors are unable to duplicate the benefits of the strategies.

Although Day (1984, p.32) had first drawn attention to types of strategies that might sustain the competitive advantage, Porter (1980, p.35) gave initial impetus to the quest for sustainable competitive advantage (SCA), arguing that only sources of such advantage were low cost, differentiation and focus, and that these basic (or generic) strategies stemmed from industry structure. Porter’s (1980, 1985) generic strategies and his techniques for structural analysis of industries (five forces model) and disaggregating operational activities to identify opportunities for cost reduction and enhancement of differentiation (value chain) have had, and continue to have, wide currency (see, for example, Hall & Martin, 2005; Hitt et al., 2005; Olson et al., 2005).
However, while Porter’s (1980, 1985) industry structure (outside-in) view enhances understanding of, and continues to provide insights into, strategy development, a resource-based view (RBV) (inside-out) of SCA is currently dominant in research (Brown & Blackmon, 2005; Real et al., 2006; Wilcox-King et al., 2003; Van de Ven, 2004). In contrast to the Porterian notion that manipulation of external forces provides the best route to SCA, RBV theory holds that the basis for CA lies primarily in the application of bundles of valuable resources that firms have at their disposal (Rumelt, 1984; Wernerfelt, 1984).

While RBV theory can be seen to have had its origins in Coase, (1937), Selznick (1957), Penrose (1959), Stigler (1961), Chandler (1962, 1977), and Williamson (1975), all of whom stressed the importance of assets and resources in organisational performance, contributions by Wernerfelt (1984) (resource bundling); Rumelt (1984) (organisational success and resource implications); Barney (1986, 1991) (value, rareness, inimitability, and non-substitutability as characteristics of valuable resources); Day and Wensley (1988) (consideration of both customer and competitor orientations in assessing advantage); Dierickx and Cool (1989) (value of rarity; inimitability and non-substitutability of resources); and Grant (1991) (durability, transparency, transferability, and appropriability as determinants of valuable resources), inter alia, brought this view to prominence and provided groundwork for its further development.

Building up these early contributions, Prahalad and Hamel (1990) (consolidation of assets, resources and capabilities into core competences); Aaker (1991) (managing resources and skills); Conner & Prahalad (1991) (comparison of alternative bases for strategy development); Grant (1991) (importance of sustainability of resources); Roos and von Krogh (1992) (identification of competences); Peteraf (1993) (value of causal ambiguity in making resource advantage less imitable); Bharadwaj et al. (1993) (resources and capabilities unique to service industries); Day (1994) (capabilities of market-driven organisations); Gallon et al. (1995) (sustaining core competencies); Collis (1994) (value of capabilities); Collis and Montgomery (1995) (inimitability, durability, appropriability, substitutability, and competitive superiority as tests of valuable resources); Hunt and Morgan (1995) (RBV dynamics and evolutionary dimensions); Mata et al. (1995) (information technology as a valuable resource); Conner and Prahalad (1996) (positioning RBV theory in strategy research); Teece et al. (1997) (dynamic capabilities); Oliver (1997) (combining RBV theory and institutional theory for competitive
advantage); Srivastava et al. (1998, 1999, 2001) (RBV theory, marketing, and creation of shareholder value), among others, brought RBV theory to wider audiences.

Nevertheless, RBV theory attracts criticism. Priem and Butler (2001) argued that RBV fails to consider that CA is lost when different resources are able to provide similar value for organisations. These authors contended that RBV under-utilises product-market considerations in strategy decision-making, and lacks prescriptive implications. Hoopes et al. (2003) pointed to confusion in the RBV’s basic premise, that rarity, valuableness, imperfect inimitability, and non-substitutability were necessary characteristics of resources that generate CA. Rarity, these commentators argued, gave resources value; thus, to claim that both rarity and valuableness were essential characteristics was tautological and self-verifying.

Other Relevant Strategic Management Models

Of special interest in the context of higher education are the RBV views on strategy selection of Kanter (1990) and Hamel and Prahalad (1994). Kanter (1990, p.6) argued that while the sources of SCA identified by Porter (1980, 1985) – low cost, differentiation and focus – were adequate in relatively stable environments, they were inappropriate in volatile, intensely competitive environments where the ability to respond and act quickly is more important than any characteristics of products or markets. She contended that four particular competences were vital to success in modern business – the ability to identify, build and leverage core competences; the ability to respond to market changes faster than competitors; the ability to continuously improve existing business processes and practices; and the ability to create beneficial alliances and relationships. In stressing the importance of these capabilities, Kanter (1990) pointed especially to the work of Prahalad and Hamel (1990) (core competences), Bower and Hout (1988) (fast-cycle capability), Garvin (1987) (quality as an element of continuous improvement), and Ferguson (1990) (strategic alliances). The relevance of these perceptions to institutions of higher education in today’s hostile and volatile higher education environments is obvious.

Similarly pertinent to the circumstances in which Australian public universities find themselves today is the competing-for-the-future model of Hamel and Prahalad (1994). This model comprises three stages. In the first stage, organisations wanting to outperform competitors are urged to focus on acquiring intellectual leadership of their industries. To do
this, managers must be prepared to delve deeply into factors that drive competition in their industries, gaining insights that competitors do not have. With these insights, managers will develop new views about the ways in which their customers or clients use the organisations’ goods and services (functionality), about the assets, skills, and capabilities (core competences) that will be required to achieve organisational goals, and about the ways in which organisations interact with customers or clients to deliver their satisfactions (customer interface). In the second stage, organisations are urged to manage consciously the routes (migration paths) they will take to achieve positions of competitive superiority in the future. This requires organisations not only to build core competencies faster than rivals, but also to explore alternative product concepts, reconfigure customer interfaces, and assemble and coordinate coalitions of industry participants (alliances and relationships) that might be required to achieve competitive superiority. Taking these actions makes it more difficult for rivals to catch up, forcing them onto longer and more expensive migration paths. In the third and final stage, managers are exhorted to compete for market share by building worldwide supplier networks, adopting appropriate market positioning strategies, moving more quickly than rivals can into critical markets, maximising efficiency and productivity, and managing competitive interactions. Again, the relevance of this advice to universities that are presently competing in hostile global environments is clear.

Strategic Management Applications in Higher Education

Although disparaged by some influential critics – especially Mintzberg (1994) who contended that the very term strategic planning was oxymoronic in that strategy must be crafted during operations rather than planned before them, and that business managers needed to be flexible enough to change their business strategies quickly in response to changing circumstances in the business environment – strategic management and planning practices have been widely adopted by private sector organisations since the early 1970s. Proponents claim that the practice of strategic management encourages management to think ahead systematically ... forces the company to sharpen its objectives and policies ... leads to better coordination of company efforts, and provides clearer performance standards for control (Kotler, 2000, p.36).

Although universities and other public sector institutions were generally slower than their private sector counterparts to adopt strategic management and planning practices, these are
now widely accepted in the institutional sector (Albrechts, 2001; Katz, 1999b; Scott, 1999, 2003). While Anderson et al. (1999, p.3) pointed out that it was unreasonable to expect universities to adopt planning practices developed for the private sector uncritically - in as much as universities are unique institutions composed of faculties and schools with differing intellectual traditions, roles and objectives - strategic management and planning have been warmly embraced by institutions in the higher education sector for over 25 years (Howell et al., 2003; Legge, 2002; Schafer et al., 2005).

In increasingly challenging environments, universities have looked to private models in strategic management, albeit with appropriate adaptation, to guide strategy development (Coaldrake & Stillman, 1997; Katz et al., 1999a; Malony, 2000; Marginson & Considine, 2000; Pisani & Filkins, 2000). More than three decades ago, Doyle and Lynch (1976) argued that strategic management and planning by institutions of higher education was a planned response to the needs of students within a competitive environment. Urging universities to become more outward-looking, Thomas (1980) recommended that universities establish long-term review bodies to reconcile and optimise the diversities of strengths and interests of academics with those of communities they serve, to develop and sustain these processes by involving staff and students in future developments, and to not only monitor external environments but to influence them by continual advice and interaction. Defining strategic management as the process of developing and maintaining a strategic fit between organisations and their ever-changing marketing opportunities, Kotler and Murphy (1981) maintained that universities, usually efficient in areas of budgeting, scheduling and other short-range tactics, paid too little attention to long-range planning. Shirley (1983) suggested that strategic planning in universities should be concerned with six variables: mission, target groups of clientele, institutional goals and objectives, programs and services offered, geographical scope of operations, and the comparative advantage sought over institutions engaged in similar activities. Contending that universities have been slow to adapt to environmental changes, Smith and Cavusgil (1984) urged higher education institutions to employ strategic marketing techniques in order to better meet the needs of students.

More recently, Petrides (2003) argued that implementation of strategic planning processes in higher education institutions can break down information silos, increase collaboration among units, streamline work processes, and provide greater access to both academic and operational information. Howell et al. (2003) identified trends that affect distance learning programs,
The focus of universities on the RBV approach to CA is evident in the work of Dyson (2002) who linked resource-based planning to SWOT analysis techniques, embedding it the strategic planning processes at the University of Warwick, and illustrating it as an iterative process rather than a linear one. Also proponents of the RBV approach, Cohen (2006) stressed the importance of a location asset in attracting postgraduate students; Cooper and Wade (2005) emphasised the value of money-making ventures and entrepreneurial investment by Australian universities; Hicks (2006) outlined the current value and inherent pitfalls of property investments of higher education institutions; Rood (2006) discussed elements of recruitment of top academic researchers in building brand image; and Lane (2006) observed the growing presence of universities in bond markets.

**Marketing**

The second, but no less significant, branch along which interest in the study of organisational competitiveness has developed is marketing. Although marketing techniques have been used in business for centuries, principles of the modern discipline were distilled in the era of more eager, more sophisticated and discerning consumers which began with the end of World War II (Kotler, 2000). The marketing concept holds that the key to achieving organizational success consists of the company being more effective than competitors in creating, delivering, and communicating customer value to its chosen target market (Kotler, 2000, p.19). Referring to target market, customer needs, integrated marketing, and organizational success as the four pillars on which the marketing concept rests, Kotler (2000, p.19) explained marketing as activities involved in understanding and selecting groups of customers (segments) whose needs and wants the organisation chooses to satisfy, and creating a unique
mix of ingredients – products and services, price, promotion, and distribution approaches – that chosen customer groups will value more highly than those of competitors. Thus, Kotler (2000) argued, customer satisfaction and retention lead to organisational success.

Major contributors to development of modern marketing principles, among others, were Drucker (1946) (customer satisfaction as the key to business success); Keith (1960) (intuitive appeal of concept of marketing); Borden (1964) (marketers as mixers of ingredients); Hunt (1976) (nature and scope of marketing); Kotler and Levy (1969) (broadening the scope of marketing); McCarthy (1970) (concept of marketing mix - 4Ps); Bagozzi (1974) (marketing as exchange); Levitt (1980) (narrow definition of market leads to marketing myopia); and Booms and Bitner (1981) (extended marketing mix – 7Ps).

Competitive Marketing Strategies

Of particular importance in the context of this thesis are contributions to the development of competitive marketing strategies. Predominant among these is the work of Kotler and Singh (1981) which, consciously derived from models of military warfare, has long influenced, and continues to influence, marketing research and practice (see, for example, Czarnitski & Kraft, 2004; Meyer & Tran, 2006; Tse et al., 2004). Kotler and Singh (1981) argued that competitors in any market will differ in their objectives and resources and, on those bases, will occupy different positions in a market. This notion is illustrated in Figure 2.2, where four hypothetical market positions - market leader, market challenger, market follower, and market nicher – are shown. This figure also shows hypothetical market shares - the market leader has 40%, the market challenger has 30%, the market follower has 20%, and the market nicher has a market share of just 10%.

Figure 2.2 Hypothetical Market Structure

| Market Leader (40%) | Market Challenger (30%) | Market Follower (20%) | Market Nicher (10%) |

Source: Adapted from Kotler (2000, p. 375).
The essence of this concept is that it is possible for any organisation in any market position to succeed, provided that the organisation recognises its true market position and formulates appropriate strategies. Organisations that adopt strategies that are inappropriate to their market positions will under-achieve. They will be competitively vulnerable (Kotler & Singh, 1980).

According to Kotler and Singh (1981), there are three appropriate strategies for market leaders. The first – and most important - is to defend existing market share, guarding it jealously against competitive encroachment. The second is to attack rivals in order to gain an even bigger share of the market. The third is to grow the size of the total market so that the volume of business will increase even if market share remains steady. For market challengers, there is only one appropriate strategy – to attack in order to build market share and challenge for leadership. For market followers, the appropriate strategy is to follow the lead of the major players, avoiding costly and damaging confrontation with them. For market nichers, the appropriate strategy is to look for market segments that are too small or too specialised to be of interest to bigger players (Kotler, 2000, p.231).

Again drawing on military principles and terminology, Kotler and Singh (1981) prescribed specific tactics by which organisations can give effect to these strategies. For example, market leaders can defend their existing market share using one or more of the following defensive tactics: position defence (market leader continues to do what it is doing but does it better), flanking defence (market leader identifies its own weaknesses and shores them up), pre-emptive defence (market leader launches pre-emptive strikes against competitors that may be preparing to attack it), counter-defensive defence (market leader strikes back hard against any competitor that attacks it), mobile defence (market leader increases its strength and power by moving into new market territories or segments), and contraction defence (market leader deliberately moves out of a segment in which it is weak). Similarly, market leaders and market challengers, for both of whom attack is an appropriate strategy, can use one or more of the following tactics: frontal attack (organisation strikes head-on at competitor’s strength), flanking attack (organisation strikes at competitor’s weakness), encirclement attack (organisation strikes at competitor at several points simultaneously), by-pass attack (organisation out-maneouvres competitor by diversifying into new markets or moving into new territories or technologies), and guerrilla attack (organisation wages small, sporadic
attacks on competitor and moves away before rival can retaliate). In the same way, Kotler and Singh (1981) spell out tactics available to give effect to strategies prescribed for market followers and market nichers. Market followers are advised that they can hold competitive positions in their markets by avoiding expensive battles with stronger rivals, and providing excellent service to the small but loyal segments they serve. Looking for multiple niches that can be served profitably, market nichers must be ready to abandon segments that attract the attention of larger players. Appendix 2.1 provides more detailed information about tactics available to players in all market positions.

Other Competitive Marketing Strategies

Observing that numerous ideas in marketing strategy have been linked to helping in the process of creating and sustaining CA, Hoffman (2000, p.8) pointed to four research topics that have been particularly influential - market orientation, customer value, relationship marketing, and business networks. All of these topics continue to have special relevance to the situation in which universities operate today.

Market orientation, an intangible resource, presumes an outward focus on customers and competitors (Hoffman, 2000). Market-oriented organisations gain knowledge and customer insights to generate competitively superior products and services (Varadarajan & Jayachandran, 1999). Kohli and Jaworski (1990) saw market orientation as the effective implementation of the marketing concept: gathering market information, disseminating it through the organisation, and efficiently responding to changing customer needs and wants. Narver and Slater (1990) contended that a market orientation implied three behavioral components: understanding the target market; competitor analysis; inter-departmental coordination to achieve complete customer satisfaction. (Day, 1994) held that market orientation was a balance between customer-orientation and competitor-orientation; organisations with this orientation use market information to respond and act to changing conditions faster than competitors.

Customer value, like market orientation, implies an outward organisational orientation. Proponents of the customer-value idea suggest that a focus on customer value forces organisations to learn about customers rather than from them (Slater, 1997). Typically, organisations that adhere to this view learn about customers through continuous monitoring of
changing customer preferences (Hoffman, 2000). Woodruff (1997) proposed a customer value hierarchy in which organisations strived to match core competences with customers’ desired value.

Relationship marketing, like market orientation and customer value, can lead to SCA (Morgan & Hunt, 1996). Organisational resources such as loyalty, trust, and reputation are immobile; they cannot be imported or purchased. Alliances and similar forms of relationships that are built on trust and commitment make them rare and difficult to imitate (Hoffman, 2000).

Business networks, a step beyond dyadic relationships, just-in-time exchanges, and discrete transaction partnerships, consist of organisations in multiple relationships from which each entity gains valuable inputs from its participation (Hoffman, 2000). Similar in some respects to Porter’s (1985) value chain concept, the idea of business networks is that while participants have opportunities for joint value creation, the network can act to emphasise an individual member’s CA by allowing that organisation to specialise in activities that it performs best.

Marketing Applications in Higher Education

Kotler (2006, p.114) maintained that, following launch of the broadening of marketing movement which promoted the benefits of adoption of marketing principles in not-for-profit organisations (see Kotler & Levy, 1969), educational institutions were among the quickest to adopt marketing principles. Not surprisingly, marketing applications in higher education are numerous. Today, most – if not all - universities have sophisticated marketing arms.

Additionally, interest in research into marketing in educational settings has been high for many years. Kotler and Dubois (1974), for example, discussed the complexity of the marketing mix in higher education. Humphreys (1981) investigated use of client-sponsored projects in marketing research courses. Topor (1983) considered practical problems in marketing higher education. Observing that environments were becoming increasingly competitive, Belohav (1984) stressed the need for universities to incorporate a market orientation into their strategic planning processes. Brooker and Noble (1985) explored challenges in the formulation of marketing programs for colleges and universities. Kotler and Fox (1985) outlined problems in strategic marketing for educational institutions. Conway et al. (1994) examined the use of marketing techniques in higher education, measuring the extent
to which institutions display an awareness of various types of customers in formulating strategic plans.

More recently, Bok (2003) warned of dangers in certain revenue-raising initiatives in colleges, deriding marketing practices such as allowing corporations to put logos on sporting apparel. In similar vein, Kirp (2003, p.7), discussed the pull and tug of competition of higher education institutions. Questioning the privatization of a public university’s business school, Kirp (2003, p.7) disparaged marketing strategies and tactics such as the scavenging for students and the hunt for faculty superstars. Ramsden (2003) argued that a reputation for excellence in teaching is a powerful university marketing tool. Dailey et al. (2006) investigated consumer needs and the development of marketing strategy in MBA markets. Brookes (2006) investigated the need for development of new marketing approaches to satisfy recently introduced legislation in the U.K. aimed at promoting wider university participation of 18-30 year olds.

**Inter-relationships: Strategic Management and Marketing**

Strategic management owes much in the development of its theory and practice to marketing – as well as to a number of other disciplines, including military history, anthropology, sociology, psychology, biology and economics. Strategic management and marketing are both concerned with issues affecting the relationship between organisations and their operating environments. Strategic management is a tool of top-level corporate planning which provides the context for marketing, an aspect of functional planning (Fahy & Smithee, 1999).

Strategic management] has also provided several frameworks and conceptual tools ranging from the industry analysis techniques popularised by Porter (1980) to the popular portfolio analysis matrices (Fahy & Smithee, 1999.) But the direction of influence has been by no means one way. The customer-focused philosophy of marketing, and concepts such as segmentation, positioning, and product life-cycle have also influenced thinking in strategic management. The influence of the RBV of the firm, a relatively recent concept in strategic management, can be seen, for example, in Day’s (1994) work on marketing capabilities and in the work of Hunt and Morgan (1995, 1996) on competitive advantage.
Forster and Browne (1996, p.21) argued that, as with marketing, the theory and practice of strategic management has had to adapt to take account of major economic, social and political upheavals, of rapid technological advances, of the growing internationalisation – even globalisation - of business relationships and of the fundamental shift that has occurred in societal attitudes towards the physical environment. According to Joyce and Woods (1996), changing circumstances that have accompanied the changes in ideas about the best way to compete may have partly caused them.

**Relevant Concepts from Strategic Management and Marketing**

Concepts from the fields of strategic management and marketing that appear to be particularly pertinent to the present research include mission, values, SWOT analysis, goals and objectives, strategy formulation, implementation and control, assets and resources, capabilities, core competences, value creation, customer needs and wants, marketing mix, value exchange, and customer satisfaction and retention. Table 2.1 provides brief definitions of these concepts and prominent research contributions to their development.

To compete effectively in the challenging circumstances that confront them, universities will need to have a clear sense of purpose, well-defined policies, and a sound understanding of the markets in which they compete (mission), well-established beliefs, strong ideals, sound moral and ethical standards (values), and specific and realistic aims (goals and objectives). In order to survive and prosper, universities will need to be able to analyse their operating environments and to assess strengths, weaknesses, opportunities and threats effectively (SWOT analysis), to develop efficient strategies and tactics (strategy formulation), to give successful practical effect to them, and to take corrective action if required (implementation and control). Universities that are successful will be those that make best use of the means they have at their disposal (assets and resources), combining them with the skills and talents of their people (capabilities), and identifying unique abilities (core competences) that allow them to outperform rivals. To succeed in hostile markets, universities will need to understand clearly what students and other stakeholders want (customer needs and wants), to put together unique combinations of factors (market mixes) that enhance their offerings (value creation), and to find superior ways to deliver their marketing promise (value exchange). Universities
### Table 2.1 Relevant Concepts from Strategic Management and Marketing

<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition</th>
<th>Contributing Authors*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission</td>
<td>The <em>raison d’etre</em>, or reason for existing, of a business or organisation.</td>
<td>Abell (1980); Drucker (1973); Levitt (1960); Peters &amp; Waterman (1982)</td>
</tr>
<tr>
<td>Values</td>
<td>Principles, standards, ideals or ethical approaches which guide organisational behaviour.</td>
<td>Peters &amp; Waterman (1982)</td>
</tr>
<tr>
<td>SWOT Analysis of Internal and External Environments</td>
<td>Evaluation of organisation’s operating milieu to assess internal strengths/weaknesses, external opportunities/threats.</td>
<td>Learned et al. (1965);</td>
</tr>
<tr>
<td>Goals and Objectives</td>
<td>Specific short-term and long-term organisational aims.</td>
<td>Ansoff (1965); Chandler (1962);</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td>Selection and development of the broad means by which an organisation intends to pursue its goals and objectives.</td>
<td>Conner (1991); Kanter (1990); Mintzberg (1989; 1994); Porter (1980; 1985); Hamel &amp; Prahalad (1994)</td>
</tr>
<tr>
<td>Implementation and Control</td>
<td>Implementation is the process of putting planned strategies into effect. Control is the monitoring and evaluation of performance and the taking of corrective action, if required.</td>
<td>Bonoma (1985); Peters &amp; Waterman (1982);</td>
</tr>
<tr>
<td>Assets and Resources</td>
<td>The bundle of tangible and non-tangible means that an organisation has at its disposal.</td>
<td>Day &amp; Wensley (1988); Rumelt (1984); Wernefelt (1984);</td>
</tr>
<tr>
<td>Capabilities</td>
<td>The managerial and workforce talents and skills that organisations have at their disposal.</td>
<td>Bharadwaj et al. (1993); Collis (1994); Day (1994); Roos &amp; von Krogh (1992); Stalk et al. (1992); (Teece et al. (1997)</td>
</tr>
<tr>
<td>Core Competences</td>
<td>Unique combinations of assets and skills that provide competitive advantage.</td>
<td>Gallon et al. (1995); Prahalad &amp; Hamel (1990);</td>
</tr>
<tr>
<td>Value Creation</td>
<td>Enhancement of product offering to induce customers or clients to purchase.</td>
<td>Barney (1986; 1991); Collis &amp; Montgomery (1995); Dierickx &amp; Cool (1989); Grant (1991)</td>
</tr>
<tr>
<td>Customer Needs and Wants</td>
<td>Feelings of deprivation that lead to purchase behaviour.</td>
<td>Hunt (1969); Keith (1960); McCarthy (1970)</td>
</tr>
<tr>
<td>Marketing Mix</td>
<td>Unique combination of product, price, promotion and place to attract a targeted segment.</td>
<td>Booms &amp; Bitner (1981); (Borden (1964); Kotler &amp; levy (1969);</td>
</tr>
<tr>
<td>Value Exchange</td>
<td>Dyadic transaction in which there is mutual satisfaction</td>
<td>Baggozzi (1975); Srivastava et al.; (1999, 2001)</td>
</tr>
<tr>
<td>Customer/Client Satisfaction and Retention</td>
<td>Customers/clients are pleased with transaction and have repeat purchase intentions.</td>
<td>Drucker (1946); Kotler (1970)</td>
</tr>
</tbody>
</table>

*Note: A number of authors have contributed to the development of these concepts. Those represented in this Table are some who can be regarded as early, and prominent, contributors.*
that can do this will satisfy, and retain the support of, those they currently serve, and attract the interest of those whom they wish to serve in the future (customer/client/stakeholder satisfaction and retention).

These concepts, together with findings of Study 1 (Chapter 3) and Study 2 (Chapter 4), will be taken into account in developing a conceptual framework to guide competitive behavior in universities (in Study 3, Chapter 5).

**Conclusion**

This literature review confirms the relevance and timeliness of this investigation. Globally, the university landscape is undergoing radical change. As new markets emerge, as new information and communication technologies give rise to new forms of program delivery, and as providers of higher education worldwide manoeuvre for position, competition is intensifying rapidly. Traditional universities will need to re-invent themselves, and to find new ways to compete. Whether Australian public universities have recognised fully the nature and severity of the competitive challenge that confronts them is still unclear. Nor is it clear whether they know how to respond.

The following chapter (Chapter 3) seeks to generate hypotheses about the degree of concern of Australian public universities (individually, as groups, and collectively) with rapidly intensifying competition, about the responses (if any) presently being made, and about the theoretical bases (if any) underpinning responses. The first of three separate studies which comprise this thesis, *Study 1: Content Analysis of Strategic Plans*, is a systematic content analysis, using *Leximancer* 2.20, of published strategic plans of Australian public universities. Hypotheses generated in Study 1 will be tested in interview-based case studies (Study 2, Chapter 4).
Chapter 3

Study 1

Content Analysis of Strategic Plans

Chapter Overview

Study 1, one of three separate but inter-related investigations that comprise this research, is a systematic content analysis of published strategic plans of Australian public universities, using Leximancer (Version 2.20) software. Questions to be answered are: (i) What is the current level of concern of universities with rapid intensification of competition in the global higher education sector? (ii) How are universities responding, if at all, to rapid intensification of competition in the global higher education sector? (iii) What is the theoretical basis (or bases), if any, of strategic responses of universities to rapid intensification of competition in the global higher education sector? Procedures adopted for analysis of strategic plans are outlined. Major findings are: (i) levels of concern with increasing competition are lower than expected; only 25 of 34 universities in this study identify intensifying competition as an operating threat; (ii) responses to escalating competition are evident in prominence given in strategic plans to concepts relating to: student outcomes; attraction and retention of staff; research quality; community relations; and internationalisation; and (iii) strategic responses of universities are broadly in line with extant theoretical models. Implications of findings are that universities that are failing to identify intensifying competition as a significant environmental threat may struggle to maintain competitive position, and that responses of universities to escalating competition may be hindered by an absence of models and frameworks to guide competitive behaviour. Limitations of this study are acknowledged. This chapter concludes with an outline of ways in which verification of findings (by triangulation) are sought in Study 2 (Chapter 4) by means of interview-based case studies.
Introduction

Australian public universities face an uncertain future (Aitken, 1997; AVCC, 2002; Brett, 2000; Coaldrake & Steadman, 1998; Coaldrake, 1999; Marginson, 2002, 2005). Many universities are deeply concerned about their ability to withstand environmental forces that presently confront them (Karmel, 2000; Peacock, 2005). Rapid intensification of competition is a grave concern (AVCC, 2005; Maiden, 2005; Marginson, 2004a; Phillips, 1997; Stanley, 1997; Whyte, 2001). In domestic and international markets, universities are locked in expensive battles for the level of recognition that attracts best students and staff (Perry, 2005). Partial deregulation of the current higher education system has allowed strong overseas rivals, many using new communications and information technologies, to enter the domestic market (Cohen, 2005; Davis, 2005; Healy, 1998; Moodie, 2005). New providers are emerging, offering tertiary education and training in non-traditional ways (Ryan, 2001). This situation is exacerbated by reduction in per capita funding by government and a consequential need to find alternative funding sources (Brown, 2005b).

Marginson and Considine (2000) contended that Australian universities, responding to dramatic changes in the higher education sector in recent decades, have now become, to a greater or lesser degree, Enterprise Universities (p.236). That is, in joining a mixed public-private economy to a quasi-business culture, universities have adopted many of the forms of corporate governance, grafting on to their existing bureaucracies certain of the conditions and techniques of business (p.236). One such technique is strategic planning, a business tool designed to bring opportunity and capacity into short-term conjunction (p.236).

Although it is not a statutory requirement for Australian public universities to prepare strategic plans, every university now develops one (Anderson et al, 1999). In surveying the quality of strategic plans of Australian universities on behalf of the Department of Education, Training and Youth Affairs (DETYA), Anderson et al. (1999, p.9) attributed wider adoption of strategic planning locally to impetus given to the practice in the Dawkins interventionary era when, initially, universities were required to produce formal research management plans. Thereafter, according to these authors, the practice [of strategic planning] became more widespread and generalized (p.9).
Strategic planning is a relatively recent business innovation. An organisation’s strategic plan represents its planning at the highest level (Kotler, Brown, Adam, & Armstrong, 2001, p.37). All lower levels of planning within the organisation – at divisional, business unit and/or functional level – stem from it. Although strategic plans of organisations might vary greatly in scope, size, and format, they commonly contain seven key elements: (i) a statement of an organisation’s vision, mission and values; (ii) an analysis of the social, economic, technological, political and competitive environments in which an organisation is currently operating; (iii) an identification of the organisation’s exploitable opportunities and threats; (iv) an evaluation of an organisation’s own resources, strengths and weaknesses; (v) a list of an organisation’s goals and objectives; (vi) an outline of broad strategies an organisation will adopt to achieve its objectives; and (vii) a summary of action plans and accountabilities for implementation of the plan (Robbins & Coulter, 2005). In this way, an organisation’s strategic plan provides an idea of the overall direction of a company, the way it is planning to develop if it is able to control matters (Hannagan, 2005, p.136).

Benefits of strategic planning were brought to wider attention in the 1960s by Ansoff (1965) and Chandler (1966), and further promulgated by Drucker (1974), Harrigan (1980), Levitt (1983), Ohmae (1982), and Porter (1979, 1980, 1985), among others, in the following decades. Although disparaged by some influential critics – especially Mintzberg (1989, 1994) who contended that the very term strategic planning was oxymoronic in that strategy had to be crafted during operations rather than planned before them, and that business managers needed to be flexible enough to change their business strategies quickly in response to changing circumstances in the business environment – strategic planning has been widely adopted by private sector organisations since the early ‘70s. Proponents claim that strategic planning encourages management to think ahead systematically ... forces the company to sharpen its objectives and policies ... leads to better coordination of company efforts, and provides clearer performance standards for control (Kotler et al., 2003, p.36). Hamel and Prahalad (1994) contended that the main purpose of strategic planning was to help organisations understand how to compete more effectively for the future.

Although public sector institutions, including universities, were generally slower than their private sector counterparts to adopt strategic planning, it is now a widely accepted management practice in the institutional sector also (Albrechts, 2001; Legge, 2002; Scott, 1998, 2003). While Anderson et al. (1999, p.3), pointed out that it was unreasonable to expect
universities to adopt planning practices developed for the private sector uncritically - in as much as universities are unique institutions composed of faculties and schools with differing intellectual traditions, roles and objectives - strategic planning has been warmly embraced by institutions in the higher education sector for over 20 years (Chaffee, 1985; Keller, 1983; Olsen, 1989).

The Hoare Committee, reviewing management practices in Australian universities in the mid-1990s, provided additional impetus to widespread adoption of strategic planning locally (Anderson et al., 1999). The final report of this Committee listed a number of features considered desirable in all strategic plans: a medium to long-term horizon; an analysis of the operating environment; clearly defined objectives and strategies to achieve them; quantitative and qualitative targets and performance measures; a review of past plans and results they had produced; and an outline of accountability and reporting procedures (Hoare Report, 1995). Marginson and Considine (2000, p.129) noted the special value of strategic plans to universities in communication and consensus building.

**Objectives and Research Questions**

While Study 1 builds upon both the Hoare Report (1995) and Anderson et al. (1999) in extending understanding of strategic planning in Australian universities, its purpose differed markedly from that of earlier investigations. This was not a review of management practices generally, as was the case with the Hoare Report (1995). Nor was this a review of strategic plans of universities in order to identify strengths and weaknesses, and to provide examples of sound practice, as was the purpose of Anderson et al. (1999). Rather, taking a narrower focus, Study 1 was a systematic content analysis of published strategic plans of universities in order to gauge levels of concern of Australian public universities with rapid intensification of competition in the global higher education sector, to identify and assess the strategies developed by universities in response to intensification of competition, and to determine and evaluate the theoretical basis of that response. Expressed formally, the research questions posed in this study were:

**Question 1:** What is the current level of concern of universities with rapid intensification of competition in the global higher education sector?
Question 2: How are universities responding, if at all, to rapid intensification of competition in the global higher education sector?

Question 3: What is the theoretical basis (or bases), if any, of strategic responses of universities to rapid intensification of competition in the global higher education sector?

Assumptions

Underlying this study were four assumptions. The first was that, if rapid intensification of competition in the global higher education sector were of concern to universities, that issue would be addressed in their strategic plans. The second was that relative prominence (or centrality) of the concept of competition in strategic plans would provide an indication of levels of concern with rapid intensification of competition. The third was that relative prominence of concepts in strategic plans would provide an indication of strategies developed by universities in response to rapid intensification of competition in the global higher education sector. The fourth was that relative prominence of concepts in strategic plans would provide an indication of the theoretical basis (or bases) of strategies developed in response to intensification of competition.

Justification for these assumptions lies in the purpose and practice of strategic planning, key elements of which are SWOT analysis, and strategy formulation (Kotler et al., 2004; Robbins & Coulter, 2005). SWOT analysis involves identification of an organisation’s Strengths, Weaknesses, Opportunities and Threats. Thus, if rapidly intensifying competition in the global higher education sector is identified as a threat during the strategic planning process, that issue will receive attention in strategic plans. The degree of concern with that issue will be evident in the relative prominence (or centrality) of the concept of competition. That is, the more prominent the concept is relative to other concepts, the higher the levels of concern.

Strategy formulation involves development of measures to maximise strengths, minimise weaknesses, take advantage of opportunities, and avoid (or counter) threats. Thus, if those responsible for strategic planning in universities have identified rapidly increasing competition as a serious environmental threat, they will have outlined their manner of
response, and this manner of response will be discernible in the relative prominence (or centrality) of concepts in strategic plans. Similarly, if those responsible for strategic planning in universities have based the manner of their response to rapidly increasing competition on models or frameworks that have emerged in the literatures of strategic management and marketing to guide competitive behaviour in recent decades (e.g., Barney, 1986; Bharadwaj et al., 1993; Day & Wensley, 1988; Ghemawat, 1986; Hall, 1980, 1993; Hamel & Prahalad, 1994; Hunt & Morgan, 1995; Kotler & Singh, 1981; Peteraf, 1993; Porter, 1979, 1980; Prahalad & Hamel, 1990), these models or frameworks will be discernible in the relative prominence (or centrality) of concepts in strategic plans.

**Anticipated Outcomes**

Several factors moderated expectations of this investigation. The first of these was uncertainty about the quality of strategic planning in universities. Anderson et al. (1999) had observed that documents obtained from a number of universities for their DETYA-sponsored survey of strategic plans of universities were less than satisfactory. According to these investigators, some documents had been little more than brief statements of academic aims and objectives (p.18); others were clearly intended public relations documents for dissemination outside the university (p.13). Furthermore, Anderson et al. (1999) reported that documents obtained from a number of universities contained nothing about strategies (p.18). However, these authors pointed out that, in these cases, it would be a mistake to assume that strategies were neglected (p.13); the problem was simply that strategic plans made no mention of them. Moderating expectations, too, was a dearth of research to date into competitive behaviour in higher education settings. As Marginson and Considine (2000, p.5) noted, there is a serious deficiency in the norms and models of good governance which have emerged to assist universities in their struggle to stay relevant to new conditions.

Content analysis of strategic plans, therefore, was seen as a logical starting point for a broader study that would ultimately culminate in development of a model to guide competitive behaviour in public universities (Study 3, Chapter 5). The anticipated outcome of the present investigation are propositions that are to be tested by means of face-to-face interviews with senior academics and administrators in a sample of the universities, and from which deeper
insights into competitive behaviour in the higher education sector are expected to emerge (see Study 2, Chapter 4).

Method

This section comprises a description of the methods by which Study 1 was undertaken. The section lists and describes documents (data) utilised in this study, and procedures through which they were obtained, verified, and analysed.

Documentation

Documents obtained for analysis are strategic plans of Australian public universities. However, according to Anderson et al. (1999), it is possible for each university to have at least three versions of its strategic plan. The first is a published version, one freely available to all interested parties. The second is a more detailed version of the first. Because this version may contain information of a sensitive nature, it is made available to staff members only, and often on a need-to-know basis only. In practice, this second type of strategic plan is often prepared first, the published version being this detailed strategic plan with sensitive material removed. The third type of strategic plan, even more sensitive and confidential than the second, might never be committed to paper; it might simply be carried in the heads of Vice-Chancellors and top-level managers. It is sometimes referred to as the real strategic plan, often containing very sensitive, high-risk information about such things as planned reductions in staffing levels, impending structural change, and budget cuts. Obviously, any study of strategic plans of universities must be made on the basis of the first kind of strategic plan, the freely-available published plan, because others are not readily accessible.

Procedures

In the first two weeks of April 2005, the Internet websites of all universities were accessed to identify universities that publish their strategic plans. A list of 37 public universities in Australia was obtained from the National Report on Higher Education in Australia, 2001 (pp.171-2), published in 2003 under the auspices of the Department of Education, Science and Training (DEST), Canberra. This list was re-arranged to show universities in a five-tier
The classification developed by Marginson and Considine (2000), as explained in Chapter 2. The list, shown in Table 3.1, reveals that 34 of 37 universities had published a version of their strategic plans.

While three universities which had not published strategic plans – Monash University, Curtin University of Technology, and Queensland University of Technology - did actually prepare strategic plans, they had restricted their availability (at this time, at least) to members of staff, and so were not available to others. Thus, all three were excluded from this study. (It was noted that Queensland University of Technology had published a brief summary of its strategic plan, referring to it as QUT Blueprint. Although QUT had made this summary freely available, the document was excluded from this study on the grounds that it lacked details required for appropriate analyses.) When relevant documents were identified, they were downloaded in both soft (electronic) and hard (paper) formats. The electronic copies were used as the basis of data analyses described below. Paper copies were filed for reference, when required.

In accessing strategic plans, care was taken to ensure that appropriate documents were identified. Terminological differences in the strategic plans of universities exacerbated difficulties in making this identification. As Table 3.1 reveals, there is considerable variation in titles given to strategic plans. While most universities refer to them as strategic plans, others call them university plans, statements of strategic intent, strategic directions, future directions, or similar. Some universities appear to use these terms interchangeably. For example, while the document obtained from Northern Territory’s Charles Darwin University is titled Future Directions, its first line reads: “Future Directions is ... [this University’s] strategic plan.

A second difficulty in identification of relevant documents was considerable variation in planning cycles of universities – from 1 to 10 years. Nor do planning cycles coincide. One plan, that of Australian Catholic University, covers the period 1999-2008 while others cover 2002-2006 (e.g., University of New England), 2002-2007 (e.g., Charles Sturt University), 2003-2006 (e.g., University of Canberra), 2003-2007 (e.g., Murdoch University), 2004-2008 (e.g., University of Adelaide), 2005-2010 (University of Sunshine Coast) and similar periods (see Table 3.1).
### Table 3.1 Documentation for Content Analysis

<table>
<thead>
<tr>
<th>Category</th>
<th>University</th>
<th>Document</th>
</tr>
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<tbody>
<tr>
<td>Sandstones</td>
<td>U. Syd</td>
<td><em>Strategic Plan</em>, 1999-2004</td>
</tr>
<tr>
<td></td>
<td>UMelb</td>
<td><em>Strategic Plan</em>, 2004</td>
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<td></td>
<td>UAdel</td>
<td><em>Strategic Plan</em>, 2004-2008</td>
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<td></td>
<td>UTas</td>
<td><em>Strategic Plan</em>, 2004-2008</td>
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<tr>
<td></td>
<td>UQ</td>
<td><em>Strategic Plan</em>, 2005-2009</td>
</tr>
<tr>
<td></td>
<td>UWA</td>
<td><em>Strategic Plan</em>, 2001 **</td>
</tr>
<tr>
<td>Redbricks</td>
<td>ANU</td>
<td><em>Strategic Plan (To 2005)</em></td>
</tr>
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<td></td>
<td>UNSW</td>
<td><em>Strategic Plan</em>, 2005</td>
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<tr>
<td></td>
<td>MonashU***</td>
<td>***</td>
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<tr>
<td>Unitechs</td>
<td>UTS</td>
<td><em>Strategic Plan</em>, 2005-2008</td>
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<tr>
<td></td>
<td>RMITU</td>
<td><em>Strategic Plan/Directions to 2005</em></td>
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<tr>
<td></td>
<td>QUT**</td>
<td>***</td>
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<tr>
<td></td>
<td>Curtin U****</td>
<td>***</td>
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<tr>
<td></td>
<td>UniSA</td>
<td><em>Strategic Intent/Mission/and Future Directions</em></td>
</tr>
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<td>Gumtrees</td>
<td>UNewc</td>
<td><em>Strategic Plan</em>, 2003-2006</td>
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<td>GriffithU</td>
<td><em>Strategic Plan</em>, 2003-2007</td>
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<td></td>
<td>JCU.</td>
<td><em>JCU: The Future</em> 2003-2008</td>
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<td>FlindersU.</td>
<td><em>Statement of Intent</em> *</td>
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<td>MacqU</td>
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<td>SCU.</td>
<td><em>Strategic Directions</em> *</td>
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<tr>
<td></td>
<td>ECU</td>
<td><em>Strategic Plan</em>, 2003-2007</td>
</tr>
<tr>
<td></td>
<td>UWS</td>
<td><em>Vision/Mission/Strategic Plan to 2005</em></td>
</tr>
<tr>
<td></td>
<td>CSU</td>
<td><em>Strategic Plan</em>, 2002-2007</td>
</tr>
<tr>
<td></td>
<td>VUT</td>
<td><em>Strategic Plan</em>, 2004-2008</td>
</tr>
<tr>
<td></td>
<td>SwinU</td>
<td><em>University Plan/Statement of Direction</em> *</td>
</tr>
<tr>
<td></td>
<td>UBall</td>
<td><em>Statement of Strategic Intent</em>, 2005-2010</td>
</tr>
<tr>
<td></td>
<td>USQ</td>
<td><em>Strategic Plan</em>, 2002-2004</td>
</tr>
<tr>
<td></td>
<td>UCanb</td>
<td><em>Strategic Plan</em>, 2003-2006</td>
</tr>
<tr>
<td></td>
<td>CDU</td>
<td><em>Strategic Directions</em> *</td>
</tr>
<tr>
<td></td>
<td>USC</td>
<td><em>Strategic Plan</em>, 2005-2010</td>
</tr>
<tr>
<td></td>
<td>ACU</td>
<td><em>Strategic Plan</em>, 1999-2008</td>
</tr>
</tbody>
</table>

Note: See Appendix 1.1: Abbreviations
Note: * Undated; ** Update due later in 2005; *** No published strategic plan; excluded from study.
This difficulty was further compounded by the need to ensure that current versions were identified when earlier versions of strategic plans were still available on websites. To some extent, this task was facilitated by the inclusion of date and/or period covered by the plan in titles. Even this, however, can be deceiving. For example, the most recent strategic plan of University of Western Australia is its 2001 version. The university’s website advised that an updated version is due later in 2005.

Finally, care was taken to distinguish between a university’s Strategic Plan and its Operational Plan. As Robbins and Coulter (2001) pointed out, one is often mistaken for the other. While they are similar in some respects, they differ in two important ways. First, strategic plans usually cover a longer time period (typically five years or more) than operational plans, which often provide daily, weekly, or monthly projections of anticipated revenue and expenditure, short-term staffing requirements, and similar operational details. Second, while strategic plans incorporate objectives that organisations hope to achieve, operational plans often do not; they commonly describe only tactical means by which objectives are to be achieved (Robbins & Coulter, 2001, p.194). In some cases (e.g., Deakin University), the Operational Plan of a university is published as an attachment to its Strategic Plan; in other cases (e.g., University of Southern Queensland), the Operational Plan is referred to on the university’s web site as supplementary, complementary, or related material.

In this study, therefore, content of plans provided the ultimate test of whether documents obtained were relevant and appropriate. Critical inclusion criteria included: a statement of the university’s mission and goals, an analysis of the university’s operating environment, an outline of the university’s objectives, and a summary of broad strategies by which the university hoped to achieve them. Although plans obtained vary markedly in scope and length, they met these criteria in all 34 cases. Thus, the present study is an analysis of content of the complete set of published strategic plans. By way of comparison, it is noted that Anderson et al. (1999) experienced difficulties in obtaining plans for their DETYA study:

*We have not seen the plans of four universities, and of those we have seen two are several years old and undergoing total revisions which are not yet available. Another two are little more than statements of academic aims and objectives, with nothing about strategies or implementation* (p.18).
**Data Analysis**

*Leximancer*, a software program developed at the Key Centre for Human Factors and Applied Cognitive Psychology at the University of Queensland, was used for content analysis in this study. *Leximancer* is described by its developers as a *data-mining tool that can be used to analyse the content of collections of textual documents* (*Leximancer Manual*, p.4). This program provides three main sources of information about content of documents: main concepts contained and their relative importance; strength (or centrality) of each concept, measured by the number of times it co-occurs with other defined concepts; and similarities in context in which concepts appear. This information is displayed both graphically and statistically. The graphic presentation is in the form of a map that allows users to perform visually directed searches of concepts of interest in order to quantify and explore interrelations with other concepts. The same information is provided in statistical form.

There are six phases in content analysis of documents by *Leximancer* – Phase 1: Text Pre-processing; Phase 2: Automatic Seed Extraction; Phase 3: Concept Editing; Phase 4: Concept Thesaurus Learning; Phase 5: Classification; and Phase 6: Mapping and Concept Statistics. Each phase is now explained in the context of this study.

In Phase 1: Pre-Processing, the software program automatically converts raw documents into a useful format for processing. In this present study, the program prepared the 34 strategic plans for processing by deleting unimportant words (e.g., *and, the, of, for, to,* and *at*), referred to in the program as *stop words*, from documents. The program recognised sections, sub-sections, paragraphs and sentences within documents to enable identified concepts to be located later (see Phase 5).

In Phase 2: Automatic Seed Extraction, the software program automatically identifies important concepts in each document. At this early stage of processing, concepts are simply key terms used in documents, those appearing most prominently and/or frequently. The program offers sensitivity settings at levels ranging from 0 (or Automatic) to 1000. In this study, three different levels of program sensitivity were experimented with – automatic, 50 concepts, and 100 concepts. These sensitivity settings were chosen arbitrarily, based on program recommendations (*Leximancer Manual*, p.32; p.70) and personal communication with the program developers (Smith, 8 April 2005; 20 April 2005). At the first level of program
sensitivity, automatic, the number of key terms extracted from each document varied with its length and complexity. At the second level of program sensitivity, up to 50 top-ranked terms were extracted from each document. At the third level of program sensitivity, up to 100 top-ranked terms were extracted. This final level of sensitivity – 100 concepts – produced the most satisfactory result for this study, and it was at this level that the analysis was ultimately undertaken. In addition, during this phase the program automatically compiles a list of all seed words in each document (*Leximancer Manual*, p.32). Seed words (e.g., *research*, *teaching*, *learning*, *staff*, *students*, *partnerships*, *programs*, *resources*) are named as such because they are the central words of a concept (*Leximancer Manual*, p.36). The importance of these seed words is explained below.

In Phase 3: Concept Editing, *Leximancer* allows researchers to add words which are of special interest to the list of seed words produced in Phase 2, to delete words that are irrelevant or of no interest in the study, and to merge words that have the same (or similar) meaning or form. In this study, six concepts of special interest were added - *compete*, *competing*, *competitors*, *competition*, *competitive* and *competitiveness*. These are referred to as User Defined Concepts (See *Leximancer Manual*, p.37). The six User Defined Concepts were then merged into one term, *competition*. Addition of these six special words, and their subsequent merging, had the effect of instructing the program to look specifically for the concept of *competition* and to include that concept among the final ranking of concepts - if, indeed, the concept of *competition* was present in the document at all. That is, if no seed word for the concept of *competition* was identified in Phase 2, the concept would not appear in the final ranking (Personal communication, Smith, 8 April 2005). In supplying only six special words, it was recognised that many other words - synonyms or alternative expressions – may also denote a university’s concern with the concept of *competition*. However, this possibility is taken into account by the in-built thesaurus capability of the program, explained below. The developers of *Leximancer* advise that the rule with refining seeds for a concept is ‘if in doubt, leave it out’. *It is better to just seed a concept with strong, unambiguous marker terms.* (Smith, personal communication, 8 April 2005). Nevertheless, to ensure that the concept of *competition* had not been overlooked in any of the strategic plans, each plan was checked manually later. Results from both the computer-aided analysis and the manual checking are reported below.

Deletions from the list of automatically extracted seed words were also made at this stage. Although the program had deleted unimportant *stop words* automatically from the documents
in Phase 1, other irrelevant terms (e.g., increasingly, important, strong, and including) remained. However, so that no major concept was overlooked, a conservative approach to deletion was taken. The following protocol for deletion was devised prior to commencement, and applied consistently to all plans:

a. Prepositions (e.g., towards, beside, during, until, since)
b. Pronouns (e.g., he, she, they, it, us)
c. Conjunctions (e.g., however, although, while, because, than, therefore)
d. Adverbs (temporal and spatial) (e.g., now, then, after, later, before, here, there)
e. Adjectives (e.g. high, low, broad, common, clear, original, useful, significant, important)
f. Present participles (e.g., having, going, improving, continuing, achieving, and including – but not gerunds, e.g., teaching, learning, and training).
g. Past participles (e.g., gone, taken, happened, given, spoken, slipped)
h. Verbs in the present tense (e.g., speak, say, show, tell, think, describe, improve, continue, and undertake)
i. Verbs in the past tense (e.g., provided, improved, continued, implied, and sent)
j. Participle forms of the verb to be (e.g., been, being, may, might, could, would, and should)
k. Abbreviated word forms (e.g., ANU, RMITU, UNSW, V-C, and DVC)
l. Proper nouns (e.g., Australia, Tasmania, Prime Minister, Vice-Chancellor, Deans, St Lucia, Western Sydney, and Sir Redmond Barry.)

A protocol was also developed for the merging of seed words. In all strategic plans, seed words were merged into one term when there were:

a. Singular and plural forms of same word (e.g., student and students; technology and technologies; nation and nations; strategy and strategies.)
b. Capitalised and uncapsulised usage of same word (e.g., Research and research; University and university; People and people.)

The purpose of making these additions, deletions, and merges was to reduce the final list of concepts in each plan, as far as possible, to substantive common noun forms, concepts that were concrete, relevant, and meaningful.
In Phase 4: Concept Thesaurus Learning, the program automatically extracts thesaurus definitions from the text for each identified concept. According to *Leximancer Manual*, thesaurus learning is:

> An iterative process in which the collection of terms defining a concept is updated ... Given the seed word(s), the relevancies of all other words in the document are calculated ... Words are added to the definition if their relevancies fall above a certain threshold ... The process then continues, calculating the relevancy of other words in the document compared to the new definition ... learning stops when the number of sentence blocks classified by each concept remains stable (p.27).

In this way, the program automatically generated a thesaurus for each key term given by the previous two phases, including the six special words added in Phase 3 as User Defined Concepts - *compete, competing, competitors, competition, competitive*, and *competitiveness* (now merged to *competition*).

In Phase 5: Classification, *Leximancer* automatically tagged each block of text in the strategic plans with names of concepts it contained. These tagged blocks of text were then stored automatically in a log book for later retrieval. The log book provides evidence of existence (or otherwise) of the concept of *competition* in each strategic plan. An example of the log book is shown in Appendix 3.1.

Finally, in Phase 6: Mapping and Concept Statistics, this program produces results of content analyses in both graphic and statistical form. In graphic form, maps provide a visual display of the most frequently-occurring concepts in documents, the centrality of those concepts (defined as the number of times a concept occurs with other concepts) and relationships between them. An example of a concept map, the strategic plan of The University of Melbourne, is shown in Figure 3.1.
The more prominent concepts in this strategic plan (*education, students, universities, research, quality & competition*) are circled. Closely related concepts are in close proximity to each other, and shown in bright letters; the less prominent concepts are shown in duller letters. In Figure 3.1, the concept of *competition* is shown in relatively bright letters at top right of centre, indicating its prominence in the strategic plan. Connecting lines show concepts to which *competition* is related in the document.

In statistical form, the *Leximancer* program produces a list of concepts contained in documents in descending order of frequency of occurrence (*absolute count*), the relative importance of each concept (*relative count*), and the number of other concepts to which it is related (*related entities count*). An example of this listing, that of The University of Melbourne, is shown in Appendix 3.2. When required, the program also produces lists of concepts of special interest. Again, these lists show, in descending order, the frequency of occurrence of concepts (*absolute count*), the relative importance of concepts (*relative count*),
and the number of other concepts to which the concept of special interest are related (related entities count). An example of this listing is shown in Appendix 3.3. This present study made major use of data provided in statistical form.

**Results**

The following section presents results of analyses in relation to research questions. First, results concerning Question 1: What is the current level of concern of universities with rapid intensification of competition in the global higher education sector? are presented. Second, results concerning Question 2: How are universities responding, if at all, to rapid intensification of competition in the global higher education sector? are presented. Third, results concerning Question 3: What is the theoretical basis (or bases), if any, of strategic responses of universities to rapid intensification of competition in the global higher education sector? In each case, a brief summary of results follows the presentation.

**Question 1: What is the current level of concern of universities with rapid intensification of competition in the global higher education sector?**

Table 3.2 shows prominence of the concept of competition in aggregated plans of 34 universities in this study.

**Table 3.2 Concept of Competition in Aggregated Strategic Plans**

<table>
<thead>
<tr>
<th>Category</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count (n)</th>
<th>Related Entities (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Universities</td>
<td>Students</td>
<td>22</td>
<td>15.2</td>
<td>205</td>
<td>56</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of competition among concepts in aggregated strategic plans of universities; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept; Absolute Count = No. of times concept of competition occurs; Related Entities = No. of other concepts to which concept of competition is related.
The concept of *competition* is ranked in twenty-second place in descending order of frequency of occurrence of concepts. The most prominent concept in aggregated strategic plans is *students*. The relative count for the concept of *competition* is 15.2%, indicating its prominence (centrality, strength) relative to *students*, the most prominent concept. The absolute count for the concept of competition is 205; that is, the concept occurs 205 times in total in aggregated strategic plans. The concept of *competition* is related to 56 other concepts (related entities) in strategic plans. Relative count, highlighted in Table 3.2, is a better indicator of the importance of concepts in documents than absolute count, which can be skewed by length of individual documents within a set, and is, therefore, not a true indication of the importance given to concepts overall.

Table 3.3 shows prominence of the concept of *competition* in strategic plans of universities by category, arranged in descending order according to relative count (highlighted). Here, categories of universities are arranged in descending order according to relative frequency of the concept of *competition* (relative count, highlighted) in strategic plans.

**Table 3.3 Concept of Competition in Strategic Plans by Category**

<table>
<thead>
<tr>
<th>Category</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count (n)</th>
<th>Related Entities (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandstones</td>
<td>Students</td>
<td>14</td>
<td>26.5</td>
<td>121</td>
<td>53</td>
</tr>
<tr>
<td>New</td>
<td>Students</td>
<td>48</td>
<td>11.1</td>
<td>58</td>
<td>52</td>
</tr>
<tr>
<td>Unitechs</td>
<td>Learning</td>
<td>49</td>
<td>11.1</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>Redbricks</td>
<td>Students</td>
<td>50</td>
<td>8.1</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Gumtrees</td>
<td>Students</td>
<td>61</td>
<td>4.0</td>
<td>9</td>
<td>35</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of *competition* among concepts in aggregated strategic plans of universities by category; Relative Count % = Frequency of occurrence of concept of *competition* relative to most prominent concept; Absolute Count = No. of times concept of *competition* occurs; Related Entities = No. of other concepts to which concept of *competition* is related.

At top of the list is Sandstones category with a relative count of 26.5%, indicating that frequency of occurrence of *competition* in strategic plans of these universities is 26.5% of the
highest-ranked concept in their plans (students) as a group. The concept of competition occupies fourteenth position in rank order of concepts. The concept of competition occurs 121 times in the combined strategic plans of Sandstone universities (absolute count), and is related to 53 other concepts (related entities). Sandstones are followed by New (relative frequency, 11.1%), Unitechs (11.1%), and Redbricks (8.1%). At the bottom of the list is Gumtrees category with a low relative count for competition of 4.0%.

Table 3.4 shows prominence of the concept of competition in strategic plans of Sandstones category universities, arranged in descending order according to relative count (highlighted). Again, this table shows the most prominent concept in strategic plans of universities within the category, rank order of concept of competition (concept rank), number of times the concept of competition occurs in each strategic plan (absolute count), and number of other concepts to which concept of competition is related within plans (related entities).

<table>
<thead>
<tr>
<th>University</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count (n)</th>
<th>Related Entities (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMelb</td>
<td>Education</td>
<td>6</td>
<td>32.3</td>
<td>44</td>
<td>38</td>
</tr>
<tr>
<td>UTas</td>
<td>Development</td>
<td>31</td>
<td>16.1</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>UAdel</td>
<td>Students</td>
<td>34</td>
<td>14.4</td>
<td>12</td>
<td>42</td>
</tr>
<tr>
<td>UWA</td>
<td>Research</td>
<td>45</td>
<td>6.9</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>USyd</td>
<td>University</td>
<td>43</td>
<td>5.1</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>UQ</td>
<td>Research</td>
<td>54</td>
<td>3.1</td>
<td>1</td>
<td>30</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of competition among concepts in strategic plans of Sandstones; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept; Absolute Count = No. of times concept of competition occurs; Related Entities = No. of other concepts to which concept of competition is related.

At top of the list is University of Melbourne (most prominent concept, education; rank order of concept of competition, sixth; relative count, 32.3%; absolute count, 44; related entities, 38). Then follow University of Tasmania (relative count 16.1%), University of Adelaide (14.4%), University of Western Australia (6.9%), University of Sydney (5.1%), and University of Queensland (3.1%). As absolute count figures show, the concept of competition occurs in strategic plans of all Sandstones, but frequency of occurrence varies markedly –
from 44 times in plan of the University of Melbourne to a single instance in plan of the University of Queensland.

Table 3.5 shows prominence of the concept of competition in strategic plans of Redbricks category universities, arranged in descending order according to relative count, highlighted.

**Table 3.5 Concept of Competition in Strategic Plans of Redbricks Category**

<table>
<thead>
<tr>
<th>University</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count (n)</th>
<th>Related Entities (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANU</td>
<td>Students</td>
<td>49</td>
<td>12.0</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>UNSW</td>
<td>Research</td>
<td>51</td>
<td>4.2</td>
<td>3</td>
<td>21</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of competition among concepts in strategic plans of Redbricks; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept; Absolute Count = No. of times concept of competition occurs; Related Entities = No. of other concepts to which concept of competition is related.

This table reveals that, while the concept of competition occurs three times (absolute count) in strategic plans of both universities, its rank order (concept rank) is low - 49 at Australian National University (ANU) and 51 at University of New South Wales (UNSW). However, the concept of competition is much more prominent in the strategic plan of ANU (relative count, 12.0%) than in that of UNSW (relative count, 4.2%).

Table 3.6 shows prominence of the concept of competition in strategic plans of Unitechs category universities, arranged in descending order according to relative count, highlighted. At top of the list is University of South Australia (UniSA), in whose strategic plan the most prominent concept is teaching. The concept of competition is ranked in position 49, where its prominence relative to teaching (relative count) is 9.6%. The concept of competition is related to 32 other concepts (related entities). Again, it is significant that the concept of competition occurs in strategic plans of all three universities in this category – five times in the plan of UniSA, twice in the plan of University of Technology, Sydney (UTS), and three times in the plan of Royal Melbourne Institute of Technology University (RMITU).
Table 3.6 Concept of Competition in Strategic Plans of Unitechs Category

<table>
<thead>
<tr>
<th>University</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count (n)</th>
<th>Related Entities (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UniSA</td>
<td>Teaching</td>
<td>49</td>
<td>9.6</td>
<td>5</td>
<td>32</td>
</tr>
<tr>
<td>UTS</td>
<td>Learning</td>
<td>54</td>
<td>5.7</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>RMITU</td>
<td>Research</td>
<td>40</td>
<td>5.4</td>
<td>3</td>
<td>16</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of competition among concepts in strategic plans of Unitechs; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept; Absolute Count = No. of times concept of competition occurs; Related Entities = No. of other concepts to which concept of competition is related.

Table 3.7 shows prominence of the concept of competition in strategic plans of Gumtrees category universities, arranged in descending order according to (relative count, highlighted).

Table 3.7 Concept of Competition in Strategic Plans of Gumtrees Category

<table>
<thead>
<tr>
<th>University</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count (n)</th>
<th>Related Entities (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JCU</td>
<td>Research</td>
<td>45</td>
<td>13.3</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>UW'gong</td>
<td>Research</td>
<td>55</td>
<td>7.1</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>DeakinU</td>
<td>Students</td>
<td>45</td>
<td>5.5</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td>LaTrobeU</td>
<td>University</td>
<td>51</td>
<td>2.8</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>UNewe</td>
<td>Students</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>GriffithU</td>
<td>Research</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MacqU</td>
<td>Research</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>FlindersU</td>
<td>Research</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MurdochU</td>
<td>Research</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>UNE</td>
<td>Students</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of competition among concepts in strategic plans of Gumtrees; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept; Absolute Count = No. of times concept of competition occurs; Related Entities = No. of other concepts to which concept of competition is related.

At top of the list is James Cook University where the concept of research is the most prominent concept. Relatively, the concept of competition has a prominence of 13.3% (relative count), occurring four times in the strategic plan (absolute count), and being related
to 13 other concepts (related entities). James Cook University is followed by University of Wollongong (relative count, 7.1%), Deakin University (5.5%), and La Trobe University (2.8%). Of particular significance in Table 3.7 is that the concept of competition occurs in only four strategic plans of 10 universities in this category. The concept of competition does not occur at all in the strategic plans of University of Newcastle, Griffith University, Macquarie University, Flinders University, Murdoch University, or University of New England (UNE).

Table 3.8 shows prominence of the concept of competition in strategic plans of New category universities, arranged in descending order according to relative count, highlighted.

Table 3.8 Concept of Competition in Strategic Plans of New Category

<table>
<thead>
<tr>
<th>University</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count (n)</th>
<th>Related Entities (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USQ</td>
<td>Education</td>
<td>41</td>
<td>23.2</td>
<td>13</td>
<td>40</td>
</tr>
<tr>
<td>USC</td>
<td>Region</td>
<td>30</td>
<td>18.7</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>UWS</td>
<td>University</td>
<td>12</td>
<td>12.7</td>
<td>12</td>
<td>39</td>
</tr>
<tr>
<td>ECU</td>
<td>Learning</td>
<td>55</td>
<td>12.1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>CSU</td>
<td>Staff</td>
<td>41</td>
<td>10.7</td>
<td>3</td>
<td>28</td>
</tr>
<tr>
<td>UBall</td>
<td>Students</td>
<td>48</td>
<td>7.7</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>CDU</td>
<td>University</td>
<td>44</td>
<td>5.1</td>
<td>5</td>
<td>29</td>
</tr>
<tr>
<td>CQU</td>
<td>Programs</td>
<td>39</td>
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<td>14</td>
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<tr>
<td>ACU</td>
<td>Students</td>
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</tr>
<tr>
<td>SwinU</td>
<td>Students</td>
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</tr>
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<td>VUT</td>
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<td>Research</td>
<td>0</td>
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<td>0</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of competition among concepts in strategic plans of New category universities; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept; Absolute Count = No. of times concept of competition occurs; Related Entities = No. of other concepts to which concept of competition is related.

At top of the list is University of Southern Queensland, where education is the most prominent concept in the strategic plan. Relatively, the concept of competition has a prominence (relative count) of 23.2%, occurring 13 times in the strategic plan (absolute count), and being related to 40 other concepts (related entities). University of Southern Queensland is followed by University of the Sunshine Coast (relative count, 18.7%), University of Western Sydney (12.7%), Edith Cowan University (12.1%), Charles Sturt
University (10.7%), University of Ballarat (7.7%), Charles Darwin University (5.1%), Central Queensland University (3.0%), Australian Catholic University (2.8%), and Swinburne University (2.4%). Of particular significance in Table 3.8 is that the concept of competition occurs in only 10 strategic plans of 13 universities in this category. The concept of competition does not occur at all in the strategic plans of Southern Cross University, Victoria University of Technology, or University of Canberra.

Table 3.9 shows prominence of the concept of competition in strategic plans of individual universities, arranged in descending order according to relative count, highlighted. At top of the list is University of Melbourne with a relative count of 32.3%; in rank order, the concept of competition is in sixth place (concept rank), occurs 32 times (absolute count), and is related to 32 other concepts (related entities) in the strategic plan. In second position, with a relative count of 23.2%, is University of Southern Queensland. Then follow 23 other universities with relative counts for the concept of competition ranging from 18.7% (University of the Sunshine Coast) to 2.4% (Swinburne University.) Nine universities in whose strategic plans the concept of competition does not appear at all are at the bottom of the list.

**Q1: Summary of Results**

1. The concept of competition is at position 22 among 100 top-ranked concepts in strategic plans of universities in aggregation (see Table 3.2).
2. The concept of competition is prominent (at position 14 among 100 top-ranked concepts) in strategic plans of Sandstones category universities in aggregation (see Table 3.3); in other categories, the concept of competition is not prominent, ranging from position 48 in New category to position 61 in Gumtrees category (see Tables 3.4–3.8).
3. The concept of competition is among 100 top-ranked concepts in only 25 of 34 (74%) universities (see Table 3.9).
4. Six of the nine universities in whose strategic plans the concept of competition is not among 100 top-ranked concepts are in Gumtrees category (see Table 3.9).

The significance and implications of these findings are outlined in Discussion section below.
### Table 3.9 Concept of Competition in Strategic Plans of Individual Universities

<table>
<thead>
<tr>
<th>University</th>
<th>Most Prominent Concept</th>
<th>Concept Rank</th>
<th>Relative Count (%)</th>
<th>Absolute Count</th>
<th>Related Entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>UMelb</td>
<td>Education</td>
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<td>Region</td>
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<td>18.7</td>
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<tr>
<td>4</td>
<td>UTas</td>
<td>Development</td>
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<td>16.1</td>
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<tr>
<td>5</td>
<td>UAdel</td>
<td>Students</td>
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<td>JCU</td>
<td>Research</td>
<td>45</td>
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<td>4</td>
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<tr>
<td>7</td>
<td>UWS</td>
<td>University</td>
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<tr>
<td>8</td>
<td>ECU</td>
<td>Learning</td>
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<td>12.1</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
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<td>Students</td>
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<td>12.0</td>
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</tr>
<tr>
<td>10</td>
<td>CSU</td>
<td>Staff</td>
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<td>10.7</td>
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<tr>
<td>11</td>
<td>UniSA</td>
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<td>Research</td>
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<td>UCanb</td>
<td>Research</td>
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</table>

Note: Concept Rank = Rank order of competition among concepts in strategic plans of universities; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept; Absolute Count = No. of times concept of competition occurs; Related Entities = No. of other concepts to which concept of competition is related.
**Question 2:** How are universities responding, if at all, to rapid intensification of competition in the global higher education sector?

Table 3.10 lists 30 most prominent concepts in descending order of frequency of occurrence (absolute count) in aggregated strategic plans. This table also shows the relative frequency (relative count, highlighted) of each listed concept.

**Table 3.10 Most Prominent Concepts in Strategic Plans of Universities Collectively**

<table>
<thead>
<tr>
<th>Concept Rank</th>
<th>Concept</th>
<th>Absolute Count</th>
<th>Relative Count (%)</th>
</tr>
</thead>
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<td>43.5</td>
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<td>Programs</td>
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<td>41.6</td>
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<td>11</td>
<td>Quality</td>
<td>522</td>
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<td>Support</td>
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<td>13</td>
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<td>Resources</td>
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<td>Services</td>
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<td>Outcomes</td>
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<td>15.8</td>
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<td>14.3</td>
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<tr>
<td>30</td>
<td>Business</td>
<td>155</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Note: Concept Rank = Rank order of concepts in aggregated strategic plans of universities; Absolute Count = No. of times concept occurs; Relative Count % = Frequency of occurrence of concept of competition relative to most prominent concept. Six non-substantive concepts omitted: Areas (14), Educational (18), Year (19), Review (22), Public (26), Work (27).
As observed above, the concept of *competition* is in twenty-second place. Of particular significance in this table are the prominent positions of *students* (ranked 1), *research* (2), *staff* (3), *community* (4), *education* (6), *teaching* (7), *learning* (8), *strategic* (9), *programs* (10), *quality* (11), *resources* (14), *services* (18), *funding* (19), *outcomes* (20), *growth* (25), *region* (29), and *world* (30). The relative prominence of these concepts in strategic plans suggests their importance to universities. As such, they provide an indication of strategies being adopted in response to the operating environment, including heightened competition. These strategies appear to relate to student attraction and satisfaction; research; recruitment and retention of staff; quality enhancement; funding and resources; university growth and development; community affairs; regional development; and internationalisation. These issues are now elaborated upon.

**Student Attraction and Satisfaction**

The relative frequency of occurrence of *students* (100%), and of associated concepts of *education* (47.1%), *teaching* (45.3%), *learning* (43.9%), *programs* (41.6%), *services* (19.7%), and *outcomes* (15.8%) in aggregated strategic plans of universities (Table 3.10), suggests a recognition by university managers that, in today’s challenging operating environment, attracting the desired number of able students and satisfying them with quality programs and services are of paramount strategic importance. Log books produced by *Leximancer* (described in Phase 5 of the content analysis process above; see example in Appendix 3.1) provide support for this suggestion, as the following examples show:

- University of Western Sydney: *Staff recruitment and the competitiveness of UWS as an employer will be key strategic issues* (Log Book Reference [LBR]: Strategic Plan.pdf~1.html#S1_77).
- University of Adelaide: *Higher education is becoming increasingly competitive, responsive, learner-centred and entrepreneurial …To compete for funding and students we must continually embrace a comprehensive customer service ethos* (LBR: StrategicPlan2004-2008.pdf~1.html#S1_S2).
- La Trobe University: *(Our aim is to) enhance student support services and introduce students’ assistance schemes to ensure students are given quality support in progressing and completing their studies* (LBR: La Trobe Strategic Plan MSwanton.html#S1_36).
University of Queensland: *(The University)* is committed to excellence of learning experiences and outcomes ... actively engaging students and providing the benefits of small group interactions ... enlightened by feedback from students *(LBR: StrategicPlan2005.pdf~1.html#S1_13).*

**Research**

The relative frequency of occurrence of the concept of research, ranked second in aggregated strategic plans (Table 3.10), is a clear indication of its strategic importance as universities manoeuvre for competitive position. Universities are well aware that quality research outcomes are vital for both funding support and reputation. Log books confirm this emphasis, as these examples show:

- University of Melbourne: *Research is a touchstone issue for the Melbourne Agenda for research performance and reputation are critical determinants of the ‘pecking order’ among universities around the world* *(LBR: StrategicPlan04.pdf~3.html#S1_534).*
- University of Western Australia: *UWA is in the top two or three research universities in Australia and its goal is to improve upon that position ... The University will maintain a strong research presence across its discipline base* *(LBR: Strat-Plan-2001.doc~1.html#S1_84).*
- Deakin University: *(Our) goal is to have a vibrant culture of research ... providing every student with the experience of being taught by leading researchers, and to foster internationally competitive research groups in areas of strategic importance* *(LBR: Deakin stratplan 2004.pdf~1.htmlS1_68).*

**Recruitment and Retention of Staff**

That recruitment, development, retention, and rewarding of top-level staff are high strategic priorities is obvious in the relative frequency of occurrence of *staff* (54.9%) in strategic plans. *Staff* is in third place among the 30 top-ranked concepts in aggregated plans (Table 3.10). Extracts from log books illustrate the strategic importance of this issue:

- La Trobe University: *The standing of any university rests with the quality of its staff. La Trobe University has a talented and committed workforce which will continue to be*
nurtured not only through enhancements to the workplace environment but also (through) ... development opportunities, reward systems and participative management practices (LBR: LaTrobe Strategic Plan M Swanton.html#S1_71).

- James Cook University: The desired outcome is that the best quality staff are attracted, developed and retained ... (with) salary scales and working conditions comparable to those of our benchmarked competitors (LBR: JCU 2003 2008.pdf~1.html#S1_188).

**Quality Enhancement**

Quality is ranked at position 11 among 30 top-ranked concepts in aggregated strategic plans (Table 3.10). The relative frequency of occurrence of quality in ranking of concepts (38.8%) indicates its strategic importance to universities, as confirmed by these log book extracts:

- University of South Australia: Our students and staff will be learning and working in an environment which reflects the University’s commitment to quality (LBR: CorpPlan 2004-2006.pdf~1.html#S1_18).
- University of Tasmania: As Australia’s natural place to study, UTas will be supported by its high quality academic community ... and its distinction student experience (LBR: Uni Tas stratplan.pdf~1.html#S1_18).
- Swinburne University of Technology: Our staff will provide high quality teaching ... Our quality assurance and improvement processes will ensure our students meet industry and wider community expectations (LBR: Statement of Direction_DL.pdf~1.html#S1_43).

**Resources and Funding**

Ranked at 14 and 20 respectively (Table 3.10), resources (relative count, 24.7%) and funding (16.7%) are clearly issues being given strategic priority. Log books provide confirmation of this view:

- University of Western Sydney: UWS will need to increase its revenue from non-government and commercial sources and use its existing resources more effectively if it is to remain competitive (LBR: Strategic Plan.pdf~1.html#S1_229).
- Charles Sturt University: (The University) ... must strengthen its financial position by more effectively assessing the costs and benefits of enterprises and activities, by focusing
resources on activities that have successful educational and financial outcome, and by further diversifying income sources (LBR: Strategic_plan_2003.pdf~1.html#S1_55).

University Growth and Development

Ranked fifth among 30 most frequently occurring concepts (Table 3.10), universities (relative count 47.3%) suggests a strategic concern with considerations of future size, growth and development, and with the way in which universities should position themselves to achieve their goals and objectives. Log books provide support for this contention:

- University of Technology, Sydney: During the period of this plan the University will evaluate plans for its future overall size, and its mix of student load onshore and offshore. Availability of staff, financial and physical capacity will bound this growth (LBR: settingthepace.pdf~1.html#S1_93).
- Central Queensland University: (We) will strengthen our essence as a university while operating successfully in an increasingly commercial and competitive world (LBR: CQU Strategic Plan 2003.doc~1.html#S1_4).

Community Involvement

The ranking of community (relative count, 51%) at position 5 (Table 3.10) indicates recognition by university planners of the strategic importance of fostering support and goodwill among their various communities: present and past students, staff, industry, sponsors and local public. This recognition finds expression in log books:

- Charles Darwin University: The University believes that it must be involved with, and responsive to, the community it serves (LBR: Strategic Directions.htm#S1_28).
- University of Queensland: University of Queensland seeks to honour its responsibilities both to its own community and to the wider communities (LBR: StrategicPlan 2005.pdf~1.html#S1_5).

Regional Development

Closely allied to community is the concept of region (relative count, 12.4%), ranked at position 28 (Table 3.10). As these examples of log book extracts show, universities see an
obligation to the social, cultural, and economic development of regions in which they are located as a strategic priority:

- University of Ballarat: *A focus on regional sustainability, caused by the search for competitive advantage, will dominate the thinking of regions* (LBR: Strategic Intent 2005-2010.pdf~1.html#S1_235).
- James Cook University: *We have a desire to promote local ownership of the University on the part of the people of tropical Queensland ...The University has a vital and constructive role in the cultural and sustainable economic development of North Queensland* (LBR: JCU 2003 2008.pdf~1.html#S1_70).
- Charles Darwin University: *The University must meet the needs of the Northern Territory so that the majority of potential students at all levels will pursue their studies at NTU* (LBR: Strategic Directions.htm#S1_67).

**Internationalisation**

The concept of *world* (relative count, 12.3%), ranked at position 29 among concepts in aggregated strategic plans in Table 3.10, suggests that internationalisation and global recognition are issues of relatively high strategic importance to universities. Again, these log book entries are evidence for this position:

- University of Melbourne: *Melbourne has made internationalisation its paramount priority. The University benchmarks itself primarily against first rank international universities rather than domestic competitors* (LBR: UMelb Strategic Plan 04.pdf~1.html#S1_19).
- Deakin University: *The University places a high priority on effective planning and continuous improvement ...benchmarking against national and international standards* (LBR:Deakin stratplan 2004.pdf~1.html#S1_72).
- University of Southern Queensland: *USQ continues to broaden partnerships with international partners ...seeking to reinforce the market position it has in South-East Asia ...(and) through expansion into new markets in Africa, North and South America and Europe through web-based delivery* (LBR: USQ Strategic Plan 2002 – 2004.doc~3.html#l_416).
Table 3.11, which lists 30 top-ranked concepts in universities by category, provides further support for the contention that the issues described above are currently of significant strategic importance in universities.

**Table 3.11 Most Prominent Concepts in Strategic Plans by Category**

<table>
<thead>
<tr>
<th>Sandstones</th>
<th>Redbricks</th>
<th>Unitechs</th>
<th>Gumtrees</th>
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<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
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<td>Degrees</td>
<td>11.5</td>
<td>Professions</td>
</tr>
</tbody>
</table>

Note: Non-substantive (irrelevant) concepts omitted. That is for Sandstones, concepts of Strategic (ranked 6), Levels (16), and Areas (22) were omitted. Similarly, for Redbricks: Strategic (14), and Levels (19); for Unitechs: Work (16), and Areas (24); for Gumtrees: Strategic (7), Areas (12), Levels (21), Professional (22), and Year (24); and for New: Areas (21), Social (28), and Year (29) were omitted.
For example, the concept of *students* is ranked first in relative frequency of occurrence in strategic plans of Sandstones, Redbricks, Gumtrees, and New categories; in Unitechs, *students* is ranked second, behind *learning*. In all five categories, *students, education, teaching, learning, programs, services (support), and outcomes* are among the 30 top-ranked concepts. *Research* is ranked among the top three concepts in all university categories. In all five university categories, *staff* is prominently ranked: sixth in Sandstones, third in Redbricks, seventh in Unitechs, fifth in Gumtrees, and fourth in New. In all categories, *quality* is prominent, ranked at position five in Sandstones, position 12 in Redbricks, position 14 in Unitechs, position 10 in Gumtrees, and position 11 in New. However, although Table 3.11 indicates close similarity in strategic priorities across all 5 categories, some differences in approach within categories are discernible. For example, the concept of *facilities* (ranked 30, relative frequency 16.2%) is prominent in Sandstones category but does not occur elsewhere. *Innovation* (ranked 10, relative frequency 46.6%) and *industry* (ranked 18, relative frequency 32.2%) are prominent in Unitechs category but are not among ranked concepts in other categories. *Partnerships* is prominent in both Gumtrees (ranked 17, relative frequency 25.3%) and New (ranked 30, relative frequency 16.1%) categories, but is not ranked in other categories. While it is likely that strategic issues indicated by these concepts are important to all universities, their prominence among top-ranked concepts in particular categories suggests that high priority will be given to them in those groups. Extracts from log books support the contention that the following issues are of strategic concern:

*Facilities and Infrastructure*

- University of Queensland: *(One of) ... the most critical operational priorities for the immediate future is ... to enhance the physical environment and facilities of the University* (LBR: StrategicPlan2005.pdf~1.html#S1_18).
- University of Western Australia: *A key operational objective is ... to provide high quality research infrastructure, including library, equipment, computing and laboratory facilities and technical support staff* (LBR: Strat-Plan-2001.doc~1.html#S1_173).
Innovation

- RMIT University: *RMIT is about innovation: new ideas and their take-up by people ... We will continue to build the University’s research capacity by promoting multi disciplinary and innovative research concentrations* (LBR: RMITU stratplan to 2006.pdf~1.html#S1_4).
- University of Technology, Sydney: *UTS is known for the high quality of its practice-oriented, relevant, and innovative teaching and learning programs* (LBR: settingthepace.pdf~1.html#S1_48).
- University of Sunshine Coast: *The University has consistently pursued innovation rather than unexamined traditionalism, resulting in strength and modernity despite an initial restricted resource base* (LBR: University of the Sunshine Coast_StrategicPlan 2005 - 2010.txt~1.html#S1_15).

Industry Links

- University of South Australia: *We will be an institution with an internal culture which embraces change, and will be recognised for education and research undertaken in collaboration with industry and the professions* (LBR: CorpPlan2004-2006.pdf~1.html#S1_18).
- RMIT University: *We have strong global links ... and work collaboratively with many learners, industries, enterprises and partners* (LBR: RMITU stratplan to 2006.pdf~1.html#S1_33).

Alliances, Partnerships and Collaboration

- Charles Sturt University: *The University will strengthen its financial position ... by forming profitable partnerships and collaborative arrangements* (LBR: Strategic_plan_2003.pdf~1.html#S1_55).
- Flinders University: *We will develop strategic partnerships with overseas institutions to enhance further internationalisation of our research and teaching programs* (LBR: Flinders-Statement of Intent.htm#S1_9).
Table 3.12 shows the five top-ranked concepts in strategic plans by individual universities within categories.

Table 3.12 *Most Prominent Concepts in Strategic Plans: Individual Universities*  

<table>
<thead>
<tr>
<th>University</th>
<th>Concept 1</th>
<th>Concept 2</th>
<th>Concept 3</th>
<th>Concept 4</th>
<th>Concept 5</th>
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</tbody>
</table>

Note: * Non-substantive concepts (Areas, Key, Strategic, Objectives, Time, Year) deleted.
Again, similarities in strategic approach of universities in all categories are clearly apparent. For example, the concept of students is among the five top-ranked concepts in 26 of 34 (76%) strategic plans of universities; students is ranked first in 10 strategic plans (29%), and second in nine others (26%). Research is ranked first in strategic plans of 11 universities (32%), and is among the five top-ranked concepts in 26 (76%) plans. Staff is ranked first in one strategic plan, and is among the five top-ranked concepts in 14 (41%) plans. The concepts of teaching, education, learning, programs, services, quality, university, development, community, region, and international are prominent concepts in all categories.

The significance and implications of these findings are outlined in the Discussion section below.

**Q2: Summary of Results**

1. Relative prominence of concepts in strategic plans provides an indication of strategies adopted by universities in response to heightened competition (see Tables 3.10 and 3.11).
2. Strategies that appear to be receiving priority attention include student attraction and satisfaction; research; recruitment and retention of staff; quality enhancement; funding and resources; university growth and development; community affairs; regional development; internationalisation; facilities and infrastructure; innovation; industry links, and alliances, partnerships and collaboration (see Tables 3.10 to 3.12).
3. Similarities in strategic approach of universities in all categories are apparent.

Log books generated by Leximancer lend support to these findings.

**Question 3: What is the theoretical basis (or bases), if any, of strategic responses of universities to rapid intensification of competition in the global higher education sector?**

The theoretical bases underpinning current strategies of universities (as suggested by relative frequency of occurrence of concepts in strategic plans) are discernible when those strategies are evaluated in light of models and/or frameworks prominent in the literatures of marketing and strategic management. In the following section, a number of these models and/or frameworks – marketing concept, generic strategies, market position strategies, competencies
and capabilities, assets and resources based view of competition, learning organisation, and market orientation - are described briefly. Their relevance to the underpinning of strategies apparent in university plans is discussed.

Since its emergence in the post-World War II business boom, as marketplaces became increasingly crowded with producers serving the same groups of customers (Cincotta et al., 2000, p.11), the marketing concept has underpinned competitive strategy in many of the world’s leading companies.Listing Coca-Cola, McDonald’s, Nestle, Mitsubishi, and Woolworths among companies that owe their success to their commitment to marketing principles, Kotler et al. (2004, p.20) defined the marketing concept as the management philosophy which holds that achieving organisational goals depends on determining the needs and wants of target markets, and delivering the desired satisfactions more effectively than competitors. That Australian public universities are conscious of the value of adherence to the marketing philosophy is suggested by the relative prominence in strategic plans of concepts such as students, teaching, support, and outcomes (see Tables 3.10, 3.11 & 3.12).Log book extracts provide further support for this contention, as these examples show: The University will be responsive to industry needs ... developing processes and practices that reflect a strong client focus (Charles Darwin University, LBR: Strategic Directions.htm#S1_160); Universities will be increasingly influenced by market judgments about the relative quality of higher education programs and qualifications (University of Southern Queensland, LBR: USQ Strategic Plan 2002 – 2004. doc~1.html#S1_32); and, To compete for funding and students in the international arena we must continually embrace a customer service ethos (University of Adelaide, LBR: StrategicPlan2004-2008.pdf~S1_58).

Proponents of generic strategies as the bases of competitive behaviour, first brought to prominence by Michael E. Porter in 1980 and still influential today, hold that differentiation, low cost, and focus are fundamental in building and maintaining sustainable competitive advantage. The development of superior research facilities and infrastructure by Sandstones (suggested by prominence of concept of facilities in strategic plans of universities in that category, see Table 3.11) give an indication of the adoption by Sandstones of differentiation strategies. Similarly, high priority given to innovation in teaching programs and to establishing close links with industry by Unitechs category (as suggested by the prominence of concepts of innovation and industry in the strategic plans of universities in that category, see Table 3.11) appear to indicate adoption of differentiation strategies. While concepts
suggesting adoption of a low cost strategy are less evident, the log book of at least one university (RMIT University, LBR: RMITU stratplan to 2006.pdf~html#S1_33) provides some evidence of their application: *We need to work in ways that ... improve the scale of our operations using low cost delivery models while maintaining a critical focus on quality.*

Prominence of the concept of *region* in strategic plans of James Cook University, University of the Sunshine Coast, and University of Ballarat (see Table 3.12) suggests an adherence to a focus strategy. It seems likely that these universities will rely strongly on their concern for the social, cultural, and economic development of their local regions in their quest to maintain and improve competitive position.

Also suggested by prominence of the concepts of *region* and *community* in strategic plans (see Table 3.12) are market position strategies, originally promulgated by Kotler and Singh (1981) but still at the heart of the quest for competitive advantage in classical marketing theory. Proponents of this view believe that there are four market positions - market leader, market challenger, market follower, and market nicher - and that competitive success can be achieved from any of these four positions provided that organisations adopt strategies that are appropriate to them. Prominence of the concept of *research* in the Sandstones category (see Table 3.12) might suggest adherence to a market leadership strategy, a desire to achieve market superiority and world renown through success in winning competitive research grants. That *research* is prominent also in strategic plans of universities in Redbricks and Unitechs categories seems to suggest some adherence to market challenger strategies, the quest of universities in these categories to erode the leadership status of Sandstones by winning a greater share of competitive research grants. Market nicher strategies are evident in the determination of smaller universities to build research concentrations in areas in which larger competitors cannot compete. The specialisation of James Cook University in issues of particular relevance to the tropics, and of University of Southern Queensland in distance learning (both referred to above in extracts from log books of these universities) are illustrative examples.

A level of adherence to the competences and capabilities view of competitive advantage (see Prahalad & Hamel, 1990; Stalk, Evans & Shulman, 1992) is also evident in strategic plans of universities. This view holds that market success depends upon identification of unique skills and attributes within organisations, and an on-going investment in them in order to build
stocks of them that competitors cannot match. Pfeffer (1994), for instance, argued that empowerment of people – giving staff more responsibility in decision-making – provided an organisational advantage that was difficult for rivals to counter. Stalk (1988) maintained that the ability of an organisation to be quicker than competitors in developing new products, identifying market trends, and responding to changing customer needs provided a strong competitive edge. Garvin (1986) asserted that quality was a weapon that, if used strategically, provided a strong competitive advantage. That this competencies and capability view has currency in underpinning strategies in universities is intimated by the following extract from the log book of the University of South Australia: [The university will pursue a] distinctive mix of capabilities required to maintain our institution’s competitiveness in a global market. Distinctive skills, competences and capabilities include ability to react faster than competitors to changes in market conditions, to produce outcomes of superior quality, to empower people to make decisions, and to form stronger and more productive alliances (LBR: UniSA SP/UniSA 2010.htm#S1_32).

Barney (1991), Day (1994), Hunt and Morgan (1995), among others, approached the quest for competitive advantage from an assets and resources perspective, arguing that market success depends upon the ability of organisations to leverage tangible resources (physical, financial, human) and/or intangible assets (e.g., location, brands, patents, technological skill) to advantage. That some underpinning of university strategies is based on this view is suggested by log book extracts: We will use location (Canberra-based, single campus) as a strength (Australian National University, LBR: SP/_ANU_to_2005.pdf~1html#S1_77) and UTAS will be supported by ... its unique island setting [and] distinctiveness of Tasmania (University of Tasmania, LBR: SP/Uni Tas stratplan.pdf~1html#S1_3).

Proponents of a learning organisation view of competition (Baker & Sinkula, 1999; Garvin, 1993; Senge, 1990) maintain that market success is heavily influenced by the ability of organisations, in environments in which change is a constant, to create and acquire knowledge, to retain it internally, to disseminate it successfully, and to use it to achieve competitive advantage. The following extract from the log book of the University of Queensland seems to indicate a degree of adherence to this view: We will ... gather and use information about the quality of teaching and learning and monitor the provision of curriculum and assessment that encourages and reinforces improvements in quality of teaching and learning (LBR: StrategicPlan2005.pdf~1html#S1_14).
Contending that a market orientation was the basis of market success, Kohli & Jaworski (1990), Narver & Slater 1990) and others argued that, to succeed in their competitive endeavours, organisations needed, first, to gain a comprehensive understanding of customers, competitors, technologies and exogenous agencies. Armed with this understanding they then needed to build an organisational culture that creates superior customer value. That thinking of this kind underpins strategy development in at least some universities seems apparent from the following log book extracts: *Universities are following the corporate trend to global marketing ... Universities will be increasingly influenced by market judgments about the relative quality of higher education programs and qualifications* (University of Southern Queensland, LBR: USQ Strategic Plan 2002 – 2004.doc~1html#S1_22). *(We will) need to become more responsive to demands for more flexible course structures and delivery options from students with divergent needs and competing work commitments* (University of Melbourne, LBR: UMelb Strategic Plan04.pdf~1html#S1_78).

**Q3: Summary of Results**

1. Relative prominence of in strategic plans of universities provides an indication of the theoretical underpinning of strategies adopted in response to rapid intensification of competition (see Table 3.12).
2. Strategies adopted by universities in response to rapid intensification of competition appear to be underpinned by models and/or frameworks that include marketing concept, generic strategies, market position strategies, competencies and capabilities, assets and resources based view of competition, learning organisation, and market orientation.
3. Similarities in strategic approach of universities in all categories are apparent (see Table 3.12).
4. Log books generated by *Leximancer* lend support to these findings.

The significance and implications of these findings are outlined in the *Discussion* section below.
Discussion

In this section, results of Study 1 are discussed, and their implications for theory and practice examined. Limitations of Study 1 are outlined, and directions for extension of this investigation are provided.

**Question 1: What is the current level of concern of universities with rapid intensification of competition in the global higher education sector?**

Findings of content analysis of strategic plans fail to provide a definitive answer to this question. However, relative prominence of the concept of *competition* in strategic plans suggests that levels of concern with intensification of competition in the global higher education sector are, at best, moderate. In aggregated strategic plans of universities, the concept of *competition* is at position 22 among 100 top-ranked concepts (see Table 3.2). While the concept of *competition* is at position 14 among 100 top-ranked concepts in strategic plans of Sandstones category universities in aggregation (see Table 3.3), it is not prominent in the plans of universities in other categories, where it ranges from position 48 in New category to position 61 in Gumtrees category (see Tables 3.4 – 3.8). Although *competition* is ranked in position 6 among concepts in the strategic plan of one university (University of Melbourne), and in position 12 in another (University of Western Sydney), it is ranked no higher than position 30 in the plans of other universities.

Perhaps the most obvious interpretation of these findings is that most universities are not as concerned about rapid intensification of competition in the sector as many commentators (e.g., Brown, 2005; Coadrlake & Steadman, 1998; Davis, 2006a; Marginson & Considine, 2000; Maiden, 2005; Peacock, 2005; AVCC, 2005) believe they are, or should be. However, at least two other interpretations are possible. The first of these is that rapid intensification of competition in the higher education sector is not as serious an issue as many commentators believe. Moodie (2005) provided support for this interpretation. Commenting on a recent offer by the South Australian Government of a subsidy of A$20 million to Carnegie Mellon, a private US university, to establish a campus in Adelaide, he noted:

> It expensive ... it seems that highly ranked overseas universities are not interested in establishing even a minimal teaching centre in Australia without
substantial subsidies. So contrary to recent speculation, Australian universities do not seem vulnerable to competition from prominent overseas universities establishing branch campuses in Australia (p.34).

However, others disagree. Commentating on the establishment by well-known overseas universities of campuses in the Asian region, most notably in Singapore, Beijing, Hong Kong, and Shanghai, Davis (2005, p.29) argued that: Australia is a logical next step ... [It] is a small market but a wealthy one ... the international market may soon deliver local choices. Gardner (2005) was of the same opinion:

Perhaps because of our small population and relative geographic isolation, Australia has not yet witnessed many international or transnational providers seeking to operate here. However, our proximity to Asia, our stable political system, our standard of living and the potential for immigration based on skills shortages added to government policies actively encouraging the growth of a diverse, private post-secondary education sector all make us an attractive destination for some seeking to invest in for-profit education or set up campuses here (p.5).

The threat from well-established overseas universities, such as that discussed by Moodie (2005), Davis (2005, 2006a) and Gardner (2005), is compounded by a growing presence in the domestic market of a range of alternative providers of higher education – corporate, virtual, and for-profit. According to the Australian Council for Private Education and Training (ACPET, 2004), the largest body representing the private education sector in Australia with approximately 700 members delivering higher education, vocational education and training, as well as English language (ELICOS) programs, the number of students being trained by private providers increased from 23,000 in 1995 to more than 200,000 in 2004 – an increase of over 700% (p.1). In 2005, students in tertiary-level courses offered by thirty-three of these providers, in fields such as divinity, natural therapies, music, hospitality information technology and public safety, were eligible for the same FEE-HELP assistance as that available to students in public universities (DEST, 2005). While Gallagher (2000, p.20) suggested that this increase in numbers of private providers of tertiary education is a good thing, in that the responses of Australian universities to the possible threats and probable opportunities arising from [these] new forms of demand and supply for tertiary education
should act to further diversify our system, it is nevertheless surprising that not more attention is being paid to them in the strategic planning of public universities.

Debate fuelled by release in March 2005 by the Federal Minister for Education of Building University Diversity: Future Approval and Accreditation Processes for Australian Higher Education, an issues paper intended to stimulate discussion about possible relaxation of protocols regulating the setting up of universities in Australia, adds yet more weight to the view that even greater prominence of competition in strategic plans was to be expected in strategic plans. The Minister, noting that it is increasingly likely that private institutions, including those from overseas, will seek to establish higher education operations in Australia, with some providers seeking a marketing edge through access to the title ‘university’ (p.2), asserted that the present requirement under the Protocols for a university to undertake research and to teach across a breadth of areas of study (p.2) were placing considerable cost and other barriers to the emergence of new private universities. At the centre of this debate is the question of whether current protocols constrain diversity, and should therefore be relaxed, or whether these protocols protect high quality, and should therefore be retained. Whatever the outcome of this debate, it will have serious implications for Australian universities. While relaxation of protocols might enable existing smaller universities to make more productive use of limited resources by allowing them to focus on their specialties in teaching and/or research, it will undoubtedly mean that an even greater number of rivals will emerge, all seeking high quality students and staff, and all competing for already scarce funding.

However, a third interpretation of findings in regard to Question 1 is possible. This interpretation relates to the nature and purpose of published versions of strategic plans. As observed earlier, the low prominence given to the concept of competition in strategic plans – or, indeed, its total absence from them - does not necessarily mean that universities are not deeply concerned, in reality, with increasing competition. By its very nature, strategic planning is a highly sensitive activity. It would be unreasonable to expect universities to disclose material that would alert competitors to their intended courses of action in documents they make freely available on their Web pages. Thus, published versions of strategic plans of some universities may be intended to serve purely as public relations documents, communicating mission and broad direction to all stakeholders, and engendering support. That said, however, it is difficult to review these findings without concluding that strategic planning is still not being given the attention it deserves; that six of the nine universities in
The Quest of Australian …

whose strategic plans the concept of competition is ignored are in one category – Gumtrees – seems to confirm the deficiency, noted by Anderson et al., (1999) in this respect.

In summary, content analysis of strategic plans does not provide a clear answer to Question 1. Manifest results of Study 1 and alternative interpretations of those results indicate that the starting point for further investigation is the following proposition:

P1: Levels of concern of universities with rapid intensification of competition in the global higher education sector are low.

Question 2: How are universities responding, if at all, to rapid intensification of competition in the global higher education sector?

Again, findings of content analysis do not provide a clear answer to this question. However, prominence of students (ranked at position 1 among the 30 most frequently occurring concepts in aggregated strategic plans; see Table 3.10), research (ranked 2), staff (3), community (4), education (6), teaching (7), learning (8), strategic (9), programs (10), quality (11), resources (14), services (18), funding (19), outcomes (20), growth (25), region (29), and world (30) suggest a common concern of universities with enhancement of the following: student outcomes; student support and satisfaction; teaching and learning; research quality and outcomes; recruitment and retention of high-calibre staff; the quest for additional funding from both public and private sources; involvement with community and region; university growth and development; facilities and infrastructure; internationalisation; and innovative use of existing resources.

The basis for this suggestion is that, in adopting many of the forms of private-sector corporations in their structure and governance, universities appear to have adopted strategies that have brought success to major business enterprises worldwide. For instance, in their determination to create satisfying outcomes for students, and to provide them with outstanding levels of support, universities can be seen to be following the example of successful corporations that believe client satisfaction is the key to success. For example, in its Mission and Values Statement, Avis states: We will lead our industry by defining service excellence and building unmatched customer loyalty … We will be dedicated to providing an
individualized rental experience that ensures customer satisfaction and earns the unwavering loyalty of our customers (www.avis.com, 2005). Woolworths expresses the same idea: Everything we do is driven by a commitment to providing customers with ... the best possible service (www.woolworths.com.au, 2005).

In their concern for quality as a strategic weapon in their quest for competitive superiority, too, universities can be seen to be following the example of successful private-sector corporations. Nestle, for instance, claims that: Quality is the cornerstone of our success ... It is the key to our success, today and tomorrow” (www.nestle.com, 2005). McDonald’s, declared: We care about what you and your family eat. That’s why we take great pride in the quality of our food. Since our first restaurant was built, we have purchased quality ingredients from trusted, industry-leading brands ... We call it our quality promise (www.mcdonald’s.com/usa, 2005). This same concern with quality among leading private-sector corporations was highlighted by Ford Motor Company president, Jim Padilla, in a recent address to employees. Globally, he said, our quality performance and improvement have not been satisfactory ... Our competitors are moving faster than Ford to improve their quality and we need to turn this around now (Mayne, 2005, p.17).

In fostering strong community relations as a strategy, universities can be seen to be doing what many private-sector corporations have long held to be a key ingredient of their success. For instance, Microsoft Australia continues to develop a range of initiatives as part of its commitment to playing an active part within the community (www.microsoft.com/australia). Microsoft Australia lists among these initiatives the donation of software and refurbished computers to needy educational institutions, the granting of access to its technology to selected charities, significant contributions to disaster relief programs, and the forging of community partnerships to promote deserving causes. In a similar way, Coca-Cola Amatil established the Coca-Cola Australia Foundation as a way of building stronger relations with the community from which the company derives its support. One initiative of this Foundation is its partnering of the Royal Life Saving Society Australia’s ‘Swim and Survive’ campaign which provides a safe environment for children to become capable and confident swimmers, and to participate in, and enjoy, water sports of various kinds. Another initiative of the Foundation is its support of the Australian Literacy and Numeracy Foundation, a body which provides literacy course work to English teachers and Indigenous non-teachers in remote, isolated and country schools.
In the same way, other strategies – attracting and retaining staff of high-calibre, sourcing funding from non-traditional sources for continuing growth and development and the enhancement of facilities and infrastructure, extending international scope, and making more innovative in the use of existing resources – suggested by the ranking of concepts related to findings of Question 2 of this study are strategies that can be seen to have been successfully adopted by private-sector corporations. Illustrative examples abound. Singapore Airlines, General Electric, IBM and Disney are among many big companies that attribute much of their success to the excellence of the people they employ (Kotler et al., 2000, p.295). The outstanding success of companies like Procter & Gamble, Phillips and Sony is in no small measure due to their willingness and ability to source funding – often through cooperative venturing, alliances and mergers – for growth and development (Kotler et al., 2000, p.377). Amway, Tyco Toys Inc. and KFC have overcome competitive challenges in their domestic markets by seeking new markets abroad (Kotler et al., 2000, p.371). Finding innovative new ways to use existing resources has underpinned the success of companies such as Gillette, 3M and Sun Microsystems (Kotler et al., 2000, p.242).

Of course, universities compete under conditions that are quite different from those that govern the conduct of private-sector corporations. For instance, universities still receive a substantial portion of their operating revenue from Commonwealth Government grants and, in that sense, they are partially protected from customary free market forces. Moreover, while Government encourages universities to be self-reliant, it is not certain whether it would allow any of them to collapse totally; political considerations might make that impracticable. Nor, it seems, would Government permit universities to act in quite the same predatory way towards competitors as private sector corporations do, often dominating a market to the extent that weaker rivals are driven out. Similarly, assumptions that universities make in the way they act towards, and respond to, their rivals will probably continue to be quite different from assumptions that underlie actions of private sector corporations. It can be assumed, for example, that all private sector corporations are seeking a level of growth that will satisfy shareholders; it may be assumed, too, that if private sector organisations are denied opportunities in home markets they will look for them abroad. In the public higher education system, however, some universities will have growth ambitions and others will not; some universities will wish to seek opportunities overseas and others will not. Nevertheless, prominence given to certain concepts in their strategic plans do suggest that universities,
having adopted many of the forms and practices of corporations, are now more entrepreneurial than ever before, and that they are adopting strategies that have brought success to major business enterprises.

In summary, content analysis of strategic plans does not provide a clear answer to Question 2. However, findings based on relative prominence of concepts suggest an answer that seems credible, and which justifies further research. Thus, in Study 2 (Chapter 4) the following proposition will be tested in face-to-face interviews with senior academics and administrative staff in a sample of universities:

**P2:** Universities are implementing a wide range of strategies in response to rapid intensification of competition in the global higher education sector.

**Question 3: What is the theoretical basis (or bases), if any, of strategic responses of universities to rapid intensification of competition in the global higher education sector?**

As with Questions 1 and 2, findings of content analysis do not provide a clear answer to this question. However, again, prominence of certain concepts in strategic plans give an indication of theoretical models and frameworks that underpin strategies adopted by universities in response to rapid intensification of competition in the global higher education sector. Relative prominence of concepts such as *students* (ranked 1), *research* (2), *staff* (3), *community* (4), *education* (6), *teaching* (7), *learning* (8), *strategic* (9), *programs* (10), *quality* (11), *resources* (14), *services* (18), *funding* (19), *outcomes* (20), *growth* (25), *region* (29), and *world* (30) in aggregated strategic plans of universities suggest an appreciation of marketing principles and the application of current thinking in strategic management. This appreciation, confirmed by log book extracts referred to in *Data Analysis* above, is evident in the efforts of universities to be increasingly responsive to changing needs of students, to adapt quickly to new market conditions, to focus on core competences, and to acquire and retain market knowledge.

That said, however, striking similarity of prominent concepts in strategic plans of universities, individually, by university category and collectively (as shown in Table 3.12, for instance) raises the question of whether commonality of theoretical bases of strategies is a good thing.
On the surface, it would appear from content analysis that all universities are attempting to adopt similar strategies, and that these strategies are informed by the same principles. The ubiquity of concepts such as students, research, teaching and quality in strategic plans is obvious. The absence, too, of any concept that might suggest that a university is basing its attempts to retain its market position on its low cost structure (and, hence, low student fees – one of the classic sources of competitive advantage (Porter, 1980) - is noteworthy.

Perhaps the reason for this commonality of approach is, as Marginson and Considine (2000, p.217) put it when discussing their observation that, even with the entry of a significant number of new universities into the higher education system in recent years, diversity in the sector was showing no signs of increasing, the Enterprise University tends to foster such convergence ... In a market, emulation, rather than originality, is the quicker route to legitimacy and to a limited kind of success. It is likely, however, that a greater diversity of approach to market success in this sector seems likely to occur in the coming decade. In the Foreword to his Issues Paper, Building University Diversity: Future Approval and Accreditation Processes for Australian Higher Education (2005), Hon. Dr Brendan Nelson, Minister for Education, Science and Training, said:

*It is neither necessary nor desirable for all universities to be the same. A more diverse system can be achieved in many ways, including by institutions forging distinct missions within the overall system and through greater collaboration between individual universities and other education providers, industry, business, regions and communities (p.i).*

The Minister hoped that, in debate that followed release of his Issues Paper, attention would be given to the question of whether universities should be defined more by function and quality and less by form and structure (p.i)

In summary, findings of Study 1 provide a tentative answer to Question 3 rather than a definitive one. Again, further research is required to extend understanding of this situation. In Study 2 (Chapter 4), the following propositions will be tested in face-to-face interviews with senior academics and administrative staff in a sample of universities:
P3: Theoretical underpinning of strategies being implemented by universities in response to rapid intensification of competition in the global higher education sector is clearly evident.

Comparison of Findings with Research and Theory

In attempting to gauge levels of concern of Australian public universities with increasing competition in the global higher education sector, as indicated by emphasis given to the concept of competition in strategic plans, Study 1 breaks new ground. While much has been written about rapid intensification of competition in the sector in previous decades, and about the responses that need to be made to it by Australian public universities if they are to maintain and improve their standing in the academic world, no formal research has been undertaken previously to gauge levels of concern with this situation.

Although Study 1 is only the first stage of a broader study into ways in which heightened competition is impacting on universities in this country, and the manner in which that impact might be lessened, its major findings are significant. Competition is ranked at position 22 among 100 top-ranked concepts in aggregated strategic plans of universities. In strategic plans of nine universities, six of which are in one category (Gumtrees), competition is not among 100 top-ranked concepts. These findings suggest either that inadequate attention is being given to strategic planning or, worse, that escalating competition is being ignored.

These findings are consistent with those of the Hoare Committee (1995), whose task it was to review management practices of Australian universities and to suggest ways to improve them. In summarising its findings and making recommendations for improvement of management practices in universities, the Hoare Committee (1995) stressed the importance to universities of a thorough analysis of operating environments in preparing strategic plans. Providing a clear outline of what a good strategic should plan contain, the final report of the Hoare Committee (1995) warned repeatedly of more direct competition with other Australian and overseas universities (p.1), of the growing competitive and commercial environment in which universities operate (p.6), of a more diverse competitive environment (p.7), and of an increasingly competitive environment (p.17). (Summary of Report and Recommendations, www.dest.gov.au/archive/highered/otherpub/hoare/hoare1.htm). Making the observation that
strategic plans of universities vary in quality across the sector (p.6), the Hoare Committee (1995) contended that there is scope for institutions to improve their strategic planning practices (p.6). Findings of the present study lead to the same conclusion.

Findings of Study 1 are also consistent with those of Anderson et al. (1999), who reviewed publicly available strategic plans of Australian universities on behalf of the Department of Education, Training and Youth Affairs (DETYA) in order to identify the strengths and weaknesses of individual plans, and to provide examples of good practice (p.1). These authors stressed that the purpose of their review was not to judge, still less to rank a university’s performance, but to ascertain what factors supported or inhibited the outcomes desired by the plan (p.1). As the Hoare Committee (1995) found earlier, Anderson et al. (1999) reported that the form and general structure of the plans vary a great deal between universities (p.12). Expressing disappointment at the fact that plans of four universities were not publicly available, that two were several years old (p.18), and that another two were little more than statements of academic aims and objectives (p.18), these authors were able to report that most [but not all] mention the growing competition between universities in Australia, and between Australian and overseas universities (p.19). In all of these respects, the findings of the present study are consistent with those of Anderson et al. (1999).

To a somewhat lesser extent, findings of Study 1 are also in keeping with those of Coaldrake and Stedman (1998), who contended that:

Strategic planning is now commonplace in Australian universities ... [Strategic plans] are dutifully drawn up. But, with very few exceptions, they are not strategic plans of the sort that scout the territory [and] examine new threats and opportunities ... Instead, they are for the most part public relations exercises, or cumbersome justifications for the status quo (p.151).

Whilst confirming the view of these authors that strategic plans of a number of universities do appear to be little more than public relations exercises, the findings of the present study do not confirm the assertion that, in the majority of plans, no effort is made to analyse operating environments or to examine new threats and opportunities. Here, Coaldrake and Stedman (1998) appear to be guilty of an overstatement of the situation. Findings of Study 1 suggest that, in 76% of plans, effort has been made, albeit to a greater or lesser extent, to identify the
salient characteristics (including the increase of competition in the sector) of operating environments.

Confirmation of findings of Study 1 that relate to identification of strategies adopted by universities in response to intensification of competition – concern with student service and satisfaction, enhancement of quality in teaching and research, recruitment and retention of best available staff, adoption of a global outlook, development of innovative and entrepreneurial approaches to use of current resources and the quest for additional funding, regional development, community involvement, and the creation of strong alliances with partners whose skills and competencies complement their own - is also available in recent research. Reid (1998), for instance, explained the importance to many universities, including University of Western Sydney, University of South Australia, James Cook University, and University of Wollongong, of building and maintaining strong links with their regions and fostering community relations, both of which are strategies suggested by the relative prominence given to concepts of region and community in strategic plans. She argued:

\[
\text{Such relationships build a learning region, and in learning regions lie the paths to economic development, civic engagement, social capital and public leadership ... In regions where the university epitomises a promise of education and employment, it has a profound role to play in transforming those expectations and providing negotiable pathways ... A local, strategically-focused, comprehensive university is a powerful catalyst for the development and prosperity of its region (p.4).}
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Marginson (1998) explained the desire of universities to adopt a global outlook. Universities, he asserted, are currently re-positioning themselves within the global environment ... In the context of the world market in university education ... to pursue a solely national orientation would be to guarantee marginalisation (p.12).

In these ways, findings of Study 1 indicate that strategies developed by universities as they manoeuvre for position in an operating environment that has become more challenging in recent years are those that are broadly consistent with current thinking in strategic management and marketing. Nevertheless, efficacy and adequacy of these strategies in the
current climate are open to question. Competition is continuing to intensify, and universities acknowledge that difficult times lie ahead.

**Implications**

There are four significant implications of findings of this study. The first is that all Australian public universities need to re-examine their strategic planning processes with a view to deciding whether, in their assessments of environments in which they are operating, sufficient attention is being paid to rapid intensification of competition. This would seem to be a particularly urgent imperative for nine universities – University of Newcastle, Griffith University, Macquarie University, Flinders University, Murdoch University, and University of New England (in the Gumtrees category) and Southern Cross University, Victoria University of Technology, and University of Canberra (in the New category) - in whose published strategic plans no mention is made at all of increasing competition. If the outcome of this re-examination of strategic planning processes is that an adequate regard for increasing competition is being taken, but for reasons of policy, this regard does not find expression in the *published* version of strategic plans, then all is well. Similarly, if the outcome of this re-examination is that an adequate regard for increasing competition is being taken but that the challenges it presents are not yet considered significant – as suggested by Moodie (2005) and referred to above – then, again, all may be well. If, however, the outcome is that challenges presented by increasing competition have simply been overlooked, then corrective action is required urgently.

The second implication of findings of this study is that all universities need to consider, in light of strategies suggested relative prominence of concepts in strategic plans, whether their own strategies are adequate. These findings lend support to the idea that, in aggregation, Australian public universities are relying upon attraction and satisfaction of the most able students, outstanding research outcomes, recruitment and retention of the competent staff, quality enhancement in all their endeavours, sourcing of appropriate levels of external funding, maximisation of existing resources, controlled university growth and development, attention to community affairs, regional development, and internationalisation as their priorities in strategic decision-making. If the outcomes of a re-examination of strategies by
any university lead to the conclusion that such strategies are not currently in place, then corrective action needs to be taken.

A third implication of findings of Study 1 is that universities need to consider, in light of theoretical bases of strategies adopted by universities (as suggested by relative prominence of concepts in strategic plans), the principles upon which their own strategies are based. Findings of this study lend support to the idea that, in aggregation, strategies currently adopted by universities in an attempt to maintain and improve market position have solid foundation in theory emanating from the disciplines of modern marketing and strategic management. If the outcomes of a re-examination by any university of the foundations of their own strategies lead to the conclusion that such foundations are unsound or lacking, then corrective action is called for.

The final implication of findings of this study is that considerably more research is required in order to understand how universities are responding, if at all, to the current competitive situation and, more importantly, how they should be responding. Although private sector theoretical models presently underpinning strategic actions of universities appear to be useful, their relevance to the unique structure of public universities is debatable and their long-term efficacy uncertain. The need for further testing of these models in the higher education sector is clearly apparent, as is the development of more refined and uniquely appropriate models and frameworks to guide competitive behaviour in universities.

That further research into the way that universities should be responding to current competitive situation is urgently required is highlighted by recent observations by sector commentators. Describing the current international student market, which now makes up more than a third of total income in some universities, as fragile and volatile, Gallagher (2005, p.33) warned that some universities’ reliance on overseas students fees threatens their financial viability, and that a few are likely to face insolvency challenges if they cannot improve their services to attract international and domestic students while reducing their overhead costs. Cautioning that a combination of mission drift and disappointing investments in money-making ventures creates an inevitable decline that ultimately weakens an institution’s capacity to realise its core mission, Cooper and Wade (2005, p.42) argued that universities must continue to strengthen and improve their planning and management frameworks ... if they are to avoid disappointment and potential damage. Referring to the
marketing efforts of one university as *low-rent and loathsome*, and describing its television advertising as *irksome*, Houghton (2005, p24) contended that this university was *clearly more concerned with profit and loss than [with] intellectual capital*. Explaining the need for universities to be *acutely aware of their market position ... when faced with increasing reliance on student revenue, more student choice and an eye towards the threat of new players*, Rood (2005, p.4), ascribed the use by another university of stencil art on local footpaths to attract students to its Open Day to its *need for a competitive edge*.

**Limitations**

Study 1 has four principal limitations. The most important of these is that content analysis relied, of necessity, on *published* strategic plans of universities and, as explained earlier, it is unreasonable to expect such public documents to contain material that may alert competitors to planned strategic action. It is possible, even probable, that university managers have planned actions other than those revealed in the published strategic plans to maintain and improve market position. Nevertheless, as the very purpose of strategic planning is to identify threats and opportunities in the operating environment, and to develop ways in which to counter and exploit those threats and opportunities, it was expected that present rapid intensification of competition would have been identified as a challenge to be dealt with during the currency of the plan, even if detailed responses were not outlined.

Associated with that limitation is the considerable variation in purpose, scope, style and length of published strategic plans. While some plans (e.g., University of Melbourne, University of Queensland, University of Southern Queensland) are long and detailed, others (e.g., Southern Cross University, University of Canberra, University of Newcastle) are short and lacking in detail. As Anderson et al. (1999) found in their investigation, strategic plans might be compiled to serve different purposes at different universities, from communicating planned action and building stakeholder consensus to fostering good relations with outside agencies. Therefore, comparisons between plans of universities in any one respect are difficult to make. Considerable variation in planning cycles compounds this difficulty. A number of strategic plans included in this study (e.g., University of Queensland, 2005-2009; University of the Sunshine Coast, 2005-2010) have been recently revised, others (e.g., University of Western Australia, 2001; Macquarie University, 2001) can be regarded as
overdue for revision.

The classification of universities (Marginson & Considine, 2000) used in this investigation also imposes a third limitation. Two categories – Redbricks and Unitechs - are small. Redbricks category comprises only three universities: Australian National University, University of New South Wales, and Monash University. Unitechs category comprises only five universities: University of Technology, Sydney; RMIT University; Queensland University of Technology; Curtin University of Technology, and University of South Australia. That the strategic plan of Monash University was unavailable for this study meant that quantification of concepts in Redbricks category was made on the basis of strategic plans of only two universities; findings might have been considerably different in this category had the strategic plan of Monash University been available. That strategic plans of Queensland University of Technology and Curtin University of Technology were unavailable meant that quantification of concepts in Unitechs category was made on the basis of strategic plans of only three universities. Again, results might have been significantly different had all strategic plans been available.

Use of Leximancer software for content analysis in this study also imposed a limitation. According to the developers of Leximancer (Leximancer Manual):

> ... concepts in Leximancer are collections of words that generally travel together throughout the text ... terms are weighted so the presence of each word in a sentence provides an appropriate contribution to the accumulated evidence for the presence of a concept ... concept seed words represent the starting point for the definition of such concepts (p.25).

It seems possible, therefore, that differences in vocabulary and writing style of strategic plans of universities might lead to variations and ambiguities in concept formation that might not occur in documents authored by one person. However, this limitation does not invalidate the study. While use of alternative software programs (e.g., NUDIST, Intext, Wordstat) might have produced results that are quantitatively different, it is unlikely that findings would be different in substance. From a comprehensive reading of strategic plans, it is clear that those identified by Leximancer as not containing the concept of competition among 100 top-ranked concepts make little or no mention of challenges presented by growing numbers of rival
institutions. In plans identified by Leximancer as containing the concept of competition, references to challenges presented by traditional and emergent rivals are clearly evident.

Conclusion

Study 1 consisted of a systematic analysis of content of published strategic plans of universities in order to gauge levels of concern with increasing competition in the global higher education sector, to identify and evaluate the strategic response of universities to heightened competition, and to determine and assess the theoretical basis (or bases) on which the response is being made. Findings indicate that, while concern with increasing competition is not expressed in strategic plans to the extent expected, a range of strategies are in place to retain and improve market position of individual universities, and theoretical bases of these strategies appear sound.

However, it is acknowledged that findings of Study 1 are limited by the fact that they are based on evidence of published strategic plans of universities. As noted earlier, such plans are often written merely to serve public relations purposes. Consequently, they are unlikely to contain the complete strategic thinking of university managers, which by its nature is sensitive and secret. A clear implication of this is that validation of findings of Study 1 is required.

This validation is sought in Study 2 (Chapter 4) in which senior academic and administrative managers in a representative sample of six universities are interviewed about their concerns with increasing competition, their responses to it, and principles underpinning their responses. Interviews are used as the bases of case studies that describe and analyse situations in these particular universities, providing further insights into ways in which Australian public universities generally are coping with growing competition in the sector. Insights obtained from Study 1 and Study 2 are used in Study 3 (Chapter 5) to develop a framework, one that is more appropriate than those presently available, to guide competitive behaviour in universities.
Chapter 4

Study 2

Interview-Based Multiple-Case Study

Chapter Overview

The objectives of Study 2 are to confirm (or refute) findings of a content analysis of published strategic plans of Australian public universities undertaken in Study 1 (Chapter 3), and to extend insights into current competitive strategy of universities as a precursor to the development of a model (in Study 3, Chapter 5) to guide competitive behaviour in the higher education sector. Explication and justification of the conceptual framework – constructivism – that underpins the qualitative methodology of this investigation are provided. Procedures undertaken in interviewing senior academic and administrative personnel in a sample of five universities, and in preparing an interview-based multiple-case study, are described. Case studies are presented and interpreted, and findings outlined and assessed. This chapter concludes with acknowledgment of limitations, and directions for further research.

Introduction

The objectives of this investigation are to confirm or refute findings of Study 1, and to probe for deeper insights into responses of universities to rapid intensification of competition in the global higher education sector. In pursuit of these aims, face-to-face interviews are conducted with senior academics and administrators in a sample of five universities, one from each of the Marginson and Considine (2000) classification of Australian public universities (see Table 1.1, Chapter 1). These interviews form the basis of a multiple-case study through which findings are analysed and interpreted. Findings of this study are used to develop a model or framework to guide competitive behaviour of public universities (see Study 3, Chapter 5).

Limited by a necessity to use published versions of strategic plans for content analysis, Study 1 failed to provide clear and definitive information about current levels of concern of
universities with rapidly increasing competition. However, relative prominence (or centrality) of concepts in plans gave an indication that, overall, concern is not as high as commentators (e.g., Brown, 2005; Cohen, 2005; Davis 2005; Poole, 2005a, 2005b) have suggested. This unexpected finding warrants further investigation.

For the same reason, findings of Study 1 in relation to responses of universities to mounting competitive pressures, and to the theoretical underpinning of these responses, warrant further research. While relative prominence of concepts in plans seems to suggest that universities have made appropriate responses, and that those responses are informed by theoretical models and frameworks that have underpinned the activities of successful business corporations worldwide, evidence for this suggestion is tenuous. Study 1 acknowledges, for instance, that software used for content analysis (*Leximancer*) imposes a limitation. While *Leximancer* is capable of providing objective analyses of lengthy documents speedily, it might produce anomalous results. Factors such as inconsistencies in style and format of documents, irregularities in language, inappropriate program settings, and/or sampling deficiencies can distort findings. According to the developers of *Leximancer*, therefore, results of analyses should *not* be thought of as *quantitative statements of fact*; rather, results *should be considered as indicative, and should be used for generating hypotheses for confirmation* (*Leximancer Manual*, p.50).

**Theoretical Underpinning**

The conceptual framework (or paradigm) that underpins Study 2 is constructivism. Defining a paradigm as a basic set of beliefs that guide action (pp.163-4), Denzin and Lincoln (2000, p.157) argued that five paradigms contend with each other for legitimacy and intellectual hegemony in research - positivism, post-positivism, constructivism, critical theory, and the participatory paradigm. These authors described positivism and post-positivism as received and conventional (p.164) paradigms - because their ontologies (nature of reality), epistemologies (relationship between inquirer and the known), and methodologies (means by which knowledge is gained) have underpinned research in the natural, physical, and biological sciences for centuries, and indeed still do. However, according to Denzin and Lincoln (2000, p.157), the three remaining paradigms - constructivism, critical theory, and the participatory paradigm – are all post-modern in nature. Emerging from the disciplines of sociology and
psychology, these newer paradigms are seen to be more applicable and relevant to qualitative research.

The ontological assumption underlying constructivism – and, therefore, this investigation – is that there is no universal truth. For constructivists, reality is relative - to person, situation, and circumstances. Constructivists hold that the actual reality of a situation depends heavily upon understandings and reconstructions of researchers and respondents. In other words, there are always multiple realities, constructed by individuals in terms of their local and specific views of what the present situation is, or what has occurred. This constructivist view of reality (relativism) is in stark contrast to that of adherents of alternative paradigms. For instance, positivists hold that reality is perfectly real and apprehensible; to witness an event is to understand it fully (naïve realism). For post-positivists, although reality is real, the reality is imperfect due both to limitations of the human mind, and to complexity of the world (critical realism). Critical theorists believe that reality is shaped by social, gender, economic, ethnic, and political values that have crystallised in society over time (historical realism). Proponents of the participatory paradigm maintain that the reality of a situation is co-created by the minds of those who took part in an event, and the circumstances that prevailed at that time (participatory realism).

The epistemological assumptions underlying constructivism (and, hence, this study) are that researchers and respondents bring their individual (subjective) outlooks to bear on the situation and, by their interactions, co-create findings as they move towards coalescence and consensus (Denzin & Lincoln, 2000). Thus, in seeking to know the truth, constructivist researchers and respondents co-create realities in their transactions. Again, this constructivist view is quite different from that of adherents to alternative paradigms. Positivists maintain that inquirers and the reality of a situation are quite independent of each other; hence, the perspective of inquirers is always objective. Post-positivists, too, believe that that inquirers and the reality of a situation are independent of each other. However, because inquirers are participating, the level of objectivity is somewhat reduced (modified objectivity). Critical theorists understand that the reality of a situation is constantly mediated by the values of inquirers; their perspective is that reality is subjective. Proponents of the participatory paradigm hold that the reality of a situation can be fully known only by those who have experienced it; thus, their stance is one of critical subjectivity.
As Denzin and Lincoln (2000) noted, the methodological assumptions underlying constructivism (and, thus, this study) is that the truth about situations under investigation are most readily obtained by naturalistic inquiry (or inquiry that occurs in its usual setting). In nature, this inquiry is hermeneutical (interpretive) and dialectical (confronting the difference in individual interpretation and moving towards consensus). Once more, this constructivist perspective differs markedly from that of alternative paradigms. Under the paradigm of positivism, for example, researchers rely on the experimental method (or manipulation of variables) in their quest for knowledge about the world. Thus, for positivists, reality is confirmed by verification of hypotheses, chiefly by quantitative means. Post-postivists, too, rely on the experimental method, but they are somewhat less rigid than positivists in their approach. More open to the possibility of multiple truths, theirs is a modified experimental/manipulative approach. Seeking falsification of hypotheses, post-positivists qualitative techniques to complement their quantitative methods. Closer to constructivists in their methodological approach than to adherents of other paradigms, critical theorists also seek to understand the world through naturalistic inquiry; like constructivists, their techniques are dialogic and dialectic in character. Finally, as might be expected, those who adhere to the participatory paradigm give primacy to the practical in their forms of inquiry; their chief methodological form is collaborative action inquiry (Denzin & Lincoln, 2000).

**Justification of Constructivist Paradigm**

Adoption of the constructivist paradigm in this interview-based investigation is well justified. According to Denzin and Lincoln (2000), constructivists are intent on gaining knowledge of situations or circumstances by looking continually for more informed reconstructions. Appreciating the worth of vicarious experience, constructivists typically accumulate knowledge through listening and talking to others. Investigators of this kind understand that what they hear and say is likely to be influenced by their own ethics and values, and by the ethics and values of their respondents, recognising that knowledge gained is useful in the contribution it makes to the bigger picture. Connecting action to praxis (accepted practice or custom), constructivists build on anti-foundational arguments. As *passionate participants* (Denzin & Lincoln, p.171), constructivist researchers see themselves as involved, reliable, and careful facilitators of multi-voiced reconstructions.
Typically, constructivists use interpretive case studies to report their findings. Criteria of trustworthiness, credibility, transferability, and confirmability replace the criteria of internal and external validity that is essential in research of positivists and post-positivists. Constructivists view theory as substantive and formal. That is, theory stands alone; it is self-sufficient, and not dependent upon something else for its existence. In further explanation of the constructivist paradigm, Denzin and Lincoln (2000) observed that:

_users of this paradigm are oriented to the production of reconstructed understandings of the social world. The traditional positivist [and post-positivist] criteria of internal and external validity are replaced by such terms as trustworthiness and authenticity. Constructivists value transactional knowledge (p.158)._ 

**Justification of Qualitative Methodology**

Assumptions that underlie all qualitative methods in research justify their use in this investigation. These assumptions are that (a) qualitative researchers are interested in the meaning that people make of their lives, experiences, and structures of their world; (b) the primary instrument for data collection is the researcher; data are mediated through this human instrument rather than through scientific instruments, surveys, and questionnaires typical of quantitative research; (c) qualitative research involves fieldwork; researchers go to respondents, sites or institutions of interest to observe or record behaviour in its natural setting; (d) qualitative research is descriptive; researchers are interested in meanings and understandings gained through words or pictures; (e) qualitative research is inductive; researchers build abstractions, develop concepts, hypotheses, and theories from the details they gather (Creswell, 2002; Merriam, 1998; Silverman, 2000).

Summarising arguments supporting qualitative inquiry, Marshall and Rossman (1999) contended that: (a) because human behaviour is influenced by settings in which it occurs, and because physical settings and internalised norms, traditions, roles, and values are crucial contextual variables, researchers are strongly advised to study behaviour in situations in which it occurs; (b) human behaviour cannot be understood without an understanding of
frameworks in which subjects interpret their thoughts, feelings, and actions; researchers need to understand these frameworks; (c) in the past, researchers in the quantitative tradition have often failed to derive meaning from experimental research; their techniques and artefacts themselves (questionnaire, instruments, laboratory, machines, other apparatus) can make participants suspicious, or participants become wary, or they can become aware of what investigators want and try to please them; in fact, in their pursuit of objectivity, quantitative researchers can destroy valuable data by imposing their view of the world in their coding and standardising; and (d) respondents do not always understand their own feelings, interactions, and behaviours; thus, they often cannot articulate them in responding to questionnaires.

From the outset, there was a realisation that it would be unlikely that any one individual in an organisation as complex as a modern university would be able to provide an accurate understanding of the depth of concern with intensification of competition, of strategies (if any) that had been put in place in response to competitive pressures, and of the theoretical bases of these strategies. Thus, by design, this investigation involved multiple interviews in a sample of five universities in order to arrive, by a process of convergence of views (coalescence and consensus), at a multi-voiced reality.

Case study research is a well-established qualitative technique. Yin (1998, p.23) defined a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. O’Leary (2004, p.116) suggested that case studies concentrate research efforts on one case or one site, and therefore offer one set of boundaries for the study ... Case studies attempt to build holistic understandings through trust and the development of rapport or trust. The goal is authenticity and a richness and depth in understanding that go beyond what is generally possible in large-scale survey research.

Propositions

To facilitate achievement of objectives of this investigation, three propositions (based on indicative findings of Study 1) are advanced. The first of these propositions is that:
P1: Levels of concern of universities with rapid intensification of competition in the global higher education sector are low.

This proposition gives rise to questions that will also assist in the pursuit of the second objective of this investigation, to probe for deeper insights into competitive behaviour of universities. While an indeterminate number of such questions could conceivably be posed in interviews, the following are amongst the most obvious:

Q1: What aspects of intensifying competition (e.g., threat of entry to Australia of foreign universities; increasing prominence of for-profit, virtual universities; growing numbers of providers of alternative higher education and training; softening of student demand in domestic undergraduate markets; weakening demand in international markets; attraction and retention of top-calibre research staff) are of greatest concern to universities?

Q2: Are the same aspects of intensifying competition of concern to all university categories?

Q3: What accounts for differences between categories in aspects of intensifying competition that are of most concern?

The second proposition is:

P2: Universities are implementing a wide range of strategies in response to rapid intensification of competition in the global higher education sector.

Emerging from this proposition, too, are questions for which answers are sought as the quest for extended insights into ways universities compete continues in this investigation. The following questions are indicative:

Q1: How are universities responding, if at all, to rapidly intensifying competition?

Q2: Are responses similar in all university categories?

Q3: What accounts for differences between university categories in response to rapidly intensifying competition?

The third proposition is:

P3: Theoretical underpinning of strategies being implemented by universities in response to rapid intensification of competition in the global higher education sector is clearly evident.
Again, this proposition prompts the need for further information. Indicative of questions to which this proposition gives rise are the following:

Q1: Are particular theoretical bases of strategies in evidence?

Q2: If particular theoretical bases of strategies are not clearly evident, on what grounds are strategies formulated?

Q3: Are there differences between categories in their approach to selection of strategies in response to rapid intensification of competition?

**Method**

This section outlines (i) the method by which the sample of universities were selected; (ii) the manner in which interviewees were chosen at each university; (iii) conduct of interviews; and (iv) procedures adopted for return of transcribed interviews to respondents for amendment and/or verification. This section concludes with a description and justification of the manner in which the multiple-case study was prepared.

**Selection of Sample of Universities**

To create a sample which would be as representative as possible, one university from each of the five categories in the classification of Australian public universities proposed by Marginson and Considine (2000) - Sandstones, Redbricks, Unitechs, Gumtrees, and New (see Chapter 2) was chosen. Although convenience and judgement were the main bases of this selection, two other factors were taken into account. The first of these was the desire to have a wide geographical spread of universities in order that the competitive situation in the higher education sector, Australia-wide, should be reflected in the results. The second was the preparedness of senior members of staff at the chosen universities to participate. Universities ultimately selected for inclusion in the sample for the present study are shown in Table 4.1. Using information available on university web sites, lists were compiled of senior staff members involved in strategic planning and development at chosen universities. In all cases, lists included Vice-Chancellor, Deputy Vice-Chancellor responsible for the strategic planning
function (where such an appointment had been made), and most senior member of the administrative staff directly involved with strategic planning.

**Table 4.1 Selected Universities**

<table>
<thead>
<tr>
<th>Sandstones</th>
<th>Redbricks</th>
<th>Unitechs</th>
<th>Gumtrees</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Queensland</td>
<td>University of New South Wales</td>
<td>University of Technology, Sydney</td>
<td>Murdoch University</td>
<td>University of Southern Queensland</td>
</tr>
</tbody>
</table>

**Selection of Interviewees**

For speed and convenience, initial contact was made with selected staff members by email. This email provided an outline of research being undertaken, by whom, and for what purpose. A request was made for an interview of 40 to 50 minutes’ duration, at a convenient date and

**Table 4.2 List of Interviewees**

<table>
<thead>
<tr>
<th>University of Queensland</th>
<th>University of New South Wales</th>
<th>University of Technology, Sydney</th>
<th>Murdoch University</th>
<th>University of Southern Queensland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof. Trevor Grigg (DVC, International and Development)</td>
<td>Prof. John Ingleson (DVC, International and Development)</td>
<td>Dr Alex Byrne (PVC and VP, Teaching and Learning, and VP, Alumni and Development)</td>
<td>Prof. Gary Martin (PVC, Strategy)</td>
<td>Prof. Bill Lovegrove (Vice-Chancellor)</td>
</tr>
<tr>
<td>Mr Lindsay Parker (Director, Planning)</td>
<td>Prof. Robert King (DVC, Academic) and Registrar</td>
<td></td>
<td></td>
<td>Prof. Bill MacGillivray (PVC, Quality and Planning)</td>
</tr>
</tbody>
</table>
time. This email also indicated that a formal, more detailed, *Plain Language Statement*, describing the research and the conditions under which interviews were to be conducted, would be forwarded by post upon receipt of a favourable reply. (Appendix 4.1 contains a copy of this *Plain Language Statement*.) Not all of those contacted were willing or able to participate; in some cases, Vice-Chancellors delegated another appropriate person (or persons) to act for them in this matter. Ultimately, eight (8) interviews were conducted, two at University of Queensland, two at University of New South Wales, one at University of Technology, Sydney, one at Murdoch University, and two at University of Southern Queensland. Names and titles of interviewees are shown in Table 4.2.

**Conduct of Interviews**

All interviews were conducted, by appointment, at the offices of selected interviewees in the February-June period, 2006. Interviews ranged in duration from 35 minutes to an hour. The same semi-structured questionnaire was used as the basis of each interview. In essence, this questionnaire consisted of three research questions:

1. In recent statements in the popular press, in academic publications, and in the published strategic plans of many Australian public universities, concern is expressed about the rapid intensification of competition in the global higher education sector.
   
   a. Do you agree that competition has intensified?
   b. What is the level of concern at this university with increasing competition?
   c. What aspects of that competition are of most concern to this university?

2. How is this university responding strategically to intensifying competition?

3. What theoretical models and/or frameworks, if any, guide or inform this university’s strategic response?

Within this broad structure, interviewees were permitted, and encouraged, to range freely in their responses. Subsidiary questions were posed where clarification of information provided
was sought, and where additional insights seemed likely to emerge. With permission of interviewees, a tape-recorder was used to record all interviews.

**Return of Transcripts for Verification**

Within one month of each interview, recorded interviews were transcribed, and transcripts mailed to each interviewee for verification and amendment, as required. A letter enclosed with transcribed interviews requested interviewees to return amended transcripts with a signed Consent Form, approving use of the material for the sole purpose of this research.

**Preparation of Multiple-Case Study**

The amended transcripts were used as the database for the multiple-case study that follows. In preparing the case, consideration was given to the form of presentation that would best serve its two-fold purpose. These purposes were:

- To confirm (or refute) findings of Study 1 (Chapter 3)
- To provide further insights into strategies adopted, or to be adopted, by universities as they strive to maintain market position in the face of growing competition.

According to Yin (1998, p.134) *there are at least four important varieties of case study*. The first of these is the classic single-case study in which a single narrative is used to describe and analyse the case; this description and analysis usually takes the form of a book, a report, or a journal article. The second variety is a multiple-case version of the first. This second variety commonly contains multiple narratives, often presented as separate chapters or sections. In addition, this second variety will also contain a chapter or section consisting of a cross-case analysis and results. The third variety, covering either a single-case study or a multiple case study, does not contain the traditional narrative. Instead, the composition follows a series of questions and answers based on the questions and answers in the case study data base. In the fourth variety, applicable only to multiple-case studies, there are no separate chapters or sections devoted to individual cases; rather, the entire report consists of chapters or sections dealing with cross-case analysis of separate issues; information from each individual case is dispersed throughout each chapter or section.
For the present study, Yin’s (1998) second variety of presentation was deemed to be most suitable. Thus, the case that follows consists of five sections, one dealing with each of the five universities in the sample. Each of these sections contains five sub-sections. The first sub-section comprises a brief introduction to the university concerned, based on observations of, and reports on, its current market position. This section is followed by material from the interview database summarised into three parts, each focusing on a key question of this thesis: (a) current level of concern with intensification in the global higher education sector, (b) strategies developed in response to increasing competition, and (c) theoretical models or frameworks which guide or inform this university’s strategic response. The fifth and final sub-section of each case study consists of a short summary.

This chapter concludes with a cross-case analysis. This cross-case analysis comprises two sections. The first summarises, discusses and analyses results in relation to the propositions advanced. The second presents practical and theoretical implications of results and outlines limitations of the study.
University of Queensland

Background

Established in 1909, University of Queensland (UQ) is the oldest and biggest university in Queensland. Widely recognised as one of Australia’s premier learning institutions, UQ is a founding member of the national Group of Eight (Go8), an alliance of well-established, prestigious, research-intensive universities. UQ is also a founding member of Universitas 21, a global group of universities committed to enhancing quality outcomes through international benchmarking, and to developing a world-class e-learning project. Involved in numerous centres and institutes, and operating on more than 50 sites throughout Queensland, and on tropical islands, UQ offers programs in Arts, Biological and Chemical Sciences; Business, Economics and Law; Engineering, Physical Sciences and Architecture; Health Sciences; Natural Resources, Agriculture and Veterinary Science; and Social and Behavioural Sciences.

In 2005, UQ had a total enrolment of 37,177 students (including 9,823 postgraduates) on its three Australian campuses - at St Lucia in suburban Brisbane, at Ipswich and at Gatton, regional cities to the near west. With a staff of 5250 (2191 academic, 3059 general) in 2004, USQ reported research income of A$157 million, including A$73 million in competitive research grants (among the top three universities nationally, and representing 70% of research income for all Queensland universities). In 2005, UQ had total revenues of A$865 million (total expenses $809 million). With assets (in property, plant and machinery) of A$1.3 billion, UQ boasts 13 outstanding libraries, and more than 20 first-class art galleries and museums. (http://www.uq.edu.au/about.html, accessed 7 May 2006)

Unlike its sandstone counterparts in Sydney and Melbourne, UQ has not had to contend with competition from another major university in the same city. In Sydney, University of Sydney (USyd) has been locked in often bitter rivalry with University of New South Wales (UNSW),
located in close proximity, since the late 1940s. In Melbourne, University of Melbourne (UMelb) has had to contend with the presence of big and powerful Monash University (MonU) since the early 1970s. In contrast, UQ has been the monopoly provider of university education in Brisbane, its only rivals being Queensland University of Technology (QUT), a Unitech, designated a University following the Dawkins’ reforms of 1988, and Griffith University, a smaller Gumtree university, established in outer suburban Brisbane in the early 1970s. Not surprisingly, UQ has been able to attract the best students, to provide the most sought-after courses, to hire and retain top quality staff, and to build outstanding facilities and infrastructure. In mid 2000, UQ’s Vice-Chancellor, John Hay, was able to assert confidently: *We don’t compete with the other universities in Queensland. We are different from them ... They do some very good work, but they are different kinds of universities from this one* (personal communication, 3 April 2000). That is not to say, emphasised Hay, that UQ is not concerned about competition: *We need to inform the present and next generation of students that this isn’t a backward-looking university, that it is making itself competitive at national and international levels* (personal communication, 3 April 2000).

In order to remain strong nationally and internationally, UQ has focused strategic attention in recent years on streamlining management structures; identifying core competences; strengthening links with government agencies and private corporations; creating stronger links with industry and professional bodies; extending networks of key national and international institutions; and enhancing campus facilities and infrastructure. Streamlining management structures has led to reduction in number of faculties from 15 to seven, a move that has not only produced cost savings but has also enabled significant amounts of money to be redirected to initiatives elsewhere in the University. Identifying core competences has enabled UQ to capitalise on its strengths, leveraging them to advantage throughout the University. Strengthening links with government agencies and private corporations has provided UQ with opportunities for major research, new income streams, and new downtown visibility (Hay, personal communication, 3 April 2000). Extending networks with key national and international institutions has not only provided important new benchmarking opportunities but also additional opportunities for collaborative ventures, and information sharing. Enhancing campus facilities and infrastructure has enriched on-campus experiences of students and staff, and shored up what UQ believes to be its greatest competitive advantage, its ability to offer students and staff opportunity to study and work in
environments of unparalleled excellence in Australia (Hay, personal communication, 3 April 2000).

Notwithstanding the success of these initiatives, there is ready acknowledgment at UQ that higher education environments are changing, and that past and present glory does not guarantee future prosperity. According to Professor Trevor Grigg (Deputy Vice-Chancellor, International and Development): The challenge for us is to make people see that, while we’re currently in a position of strength, this position will not be maintained unless we continue to innovate, to be creative. (Grigg, personal communication, 3 April 2000).

**Question 1:** What are current levels of concern at UQ with rapid intensification of competition in the global higher education sector? What aspects of that competition are of most concern to you?

According to Mr Lindsay Parker (Director, Planning), there is strong competitive pressure on UQ at present, and its impacts are especially evident at undergraduate level. While applications from school-leavers wishing to study at UQ’s main campus at St Lucia in inner-metropolitan Brisbane were as numerous as ever in 2006, a downturn in the number of applicants to the University’s campuses at Ipswich and Gatton is of great concern. Although this downturn can be partially attributed to present buoyancy in the job market, Parker believes, it is obvious that UQ now has to compete for students in a way that it has never had to do before:

*We are now in an environment where there is much less demand than we’d like there to be. Our problem now is one of recruitment rather than selection ... Now at University of Queensland, this is a profound change* (Parker, personal communication, 6 March 2006).

Explaining this change in terms of the University’s brand, Parker asserts:

*An institution’s brand doesn’t seem to go beyond its traditional campus ... It’s now clear that the University of Queensland brand hasn’t really extended to the Ipswich campus at all, ... While we’ve been turning people away at St*
Lucia, we can’t attract them at our other campuses (Parker, personal communication, 6 March 2006).

While UQ is still attracting the majority of top school-leavers (those in the OP1-OP5 band) to St Lucia, the University has had to go down to OP17 to fill quotas at Ipswich and Gatton in 2006. The effect of this, Parker believes, is that the image of UQ is in grave danger of being eroded. Parker asserts: *We’re a prestige university, but at Ipswich and Gatton we’re in danger of being seen as less than that* (personal communication, 6 March 2006). Revealing that UQ had contracted with the Federal Government’s Department of Education, Science and Technology (DEST) to build Ipswich campus enrolments to about 3000 equivalent full-time students (EFTSU) in 2006, in accordance with the Government’s wish to favour regional campuses by making additional HECS-funded places available at them while restricting the number of additional places at metropolitan campuses, Parker suggests: *We’ll be lucky if we have half of that this year* (Parker, personal communication, 6 March 2006).

Parker has no doubt that increasing competition is a factor in this situation. Arguing that the majority of students who attend Ipswich campus are the *unmet demand overflow from the greater Brisbane area rather than local students*, Parker believes that the major reason for shortfalls in applications to Ipswich and Gatton is reluctance of Australian students to travel for university study. Parker believes that most students would prefer to attend their local university, even if its reputation for quality were less than that of UQ, rather than to travel daily to, or live in, regional centres, (personal communication, 6 March 2006).

Adding to difficulties that UQ is experiencing at undergraduate level is current Government policy to increase the number of graduating students in the professional areas of Medicine, Dentistry, and Pharmacy. For this reason, new schools in these professional areas have been established at competing universities. While UQ has been traditionally the only university in the state to offer such programs, that situation is now changing:

*As these offerings have come on stream at other universities, it has become more difficult for us ... James Cook University (JCU) in Townsville is now picking up substantial numbers in Medicine ... There are two other new Medical Schools on the Gold Coast – one public and one private ... So, whereas the Government was saying a few years ago that there were too many*
medical schools in the country, they’re now opening them all over the place ...
There’s another new one in Wollongong ... Canberra has another one ... and one in Western Sydney (Parker, personal communication, 6 March 2006).

Although UQ has experienced no shortage of applicants for programs in Medicine, Dentistry, and Pharmacy, Parker holds, the University had been forced to become much more defensive in its approach to recruitment in these areas: We’re trying to protect what we have (personal communication, 6 March 2006).

An important outcome of this new defensiveness, Parker believes, has been a huge increase in UQ’s spending on advertising and promotion:

South East Queensland is almost unique in Australia in spending a small fortune on advertising for undergraduate students ... All three Brisbane-based universities - UQ, QUT and Griffith - have been hammering away with TV ads over several years (Parker, personal communication, 6 March 2006).

While this advertising expenditure has made no difference whatsoever, either to student demand or market share, Parker argues that it is, nevertheless, necessary: We have to do it because the others are doing it. That sort of advertising is a defensive measure (Parker, personal communication, 6 March 2006).

At domestic postgraduate level of student recruitment, UQ has been far less affected by encroaching competition to date. With its comprehensive range of postgraduate programs, high-calibre staff, and outstanding facilities, UQ is continuing to attract top graduate-level students to St Lucia. Nevertheless, because environments that are changing rapidly, there is a healthy concern at UQ with postgraduate recruitment:

Of course, you always have to have a strategic concern ... There’ll be others around the globe who’ll be saying that what you could traditionally get from UQ, we think we can give it to you as least as well, or better ... Anybody who thinks that there is local loyalty [to a university] is making a grave strategic error. (Grigg, personal communication, 6 March 2006).
At fee-paying international student level, too, concern with competition at UQ is relatively low. Significantly, UQ’s approach to international student recruitment has traditionally been conservative, and remains that way. Unlike a number of its sandstone counterparts (e.g., UNSW, MonU), UQ does not have an overseas campus, and congratulates itself that it has been very successful in avoiding that (Parker, personal communication, 6 March 2006). Although UQ sponsors an overseas campus (at Sohar in Oman), and has invested in the past (through its Business School) in ventures with partners in Hong Kong and Singapore, the University has preferred to concentrate on building strong links with partner bodies and institutions in overseas countries. All of UQ’s Business School international ventures have now been wound down (Parker, personal communication, 6 March 2006).

Similar conservatism has been shown by UQ in its approach to recruitment of full-fee paying international students. In 2006, UQ’s full-fee paying international student enrolment represented only about 16% of the total, a low figure in comparison with counterparts, but a level that Grigg thinks is high enough (personal communication, 6 March 2006):

> I think some people have lost the plot completely … I’m not a proponent of what’s been going on … I question how sustainable the Australian model is … It is a recruitment model as opposed to the European model which is more of a mobility model, where students flow between institutions … Where does quality come into all of this? (Grigg.

While Grigg asserts that he has no problem with students studying abroad, either through the University’s collaboration with other universities or through the Study Abroad program, he is firmly of the opinion that the Australian system has been driven by cheapness and built on fortuitous premises (personal communication, 6 March 2006).

In support, Parker adds that UQ had always been more cautious than most other Australian universities in building up international numbers at undergraduate level, preferring instead to recruit fee-paying postgraduates (personal communication, 6 March 2006). Parker contends:

> We always stuck to our policy of not letting in international students of lower quality … This meant that we were never scrambling for the last student, while some other universities were (Parker, personal communication, 6 March 2006).
Question 2: How is UQ responding strategically to increasing competition in the global higher education sector?

Well aware of its dominant position in Queensland, UQ is currently focusing major strategic effort on building its reputation nationally and internationally. Nevertheless, UQ readily acknowledges that it is experiencing problems with increasing competition in its undergraduate markets in Brisbane, and is directing considerable strategic attention to them. Attracting adequate numbers of school-leavers to its regional campuses at Ipswich and Gatton has proved to be a more difficult task than it had imagined (Parker, personal communication, 6 March 2006). To a large extent, these difficulties have been created by changes in Government policy:

When the Government changes its policy, all student demand changes. Because we have close to full-employment in Australia now, we are in an environment where there is much less demand than we’d like ... Fewer people are applying [for tertiary places] at present ... Whether these people are getting apprenticeships or going directly into jobs, we’re just not sure (Parker, personal communication, 6 March 2006).

This situation is unlikely to change in the short term: It’s not a one-year thing (Parker, personal communication, 6 March 2006). However, believing that simply waiting for another change in Government policy to be an inadequate response to the present problem, UQ is undertaking a review of programs offered at Ipswich and Gatton to ensure that enrolments are being maximised in the current circumstances. As Parker observes: The question is whether we are offering [at those campuses] what people want, and, if not, why not? (personal communication, 6 March 2006).

Changes in Government policy have also given rise to UQ’s other major problem at undergraduate level - increasing competition from other universities that have been given approval to establish schools in Medicine, Dentistry, Pharmacy, and other professional areas, in which UQ has traditionally had a monopoly. Here, UQ’s response has been to present its programs to markets as offerings of superior quality. For example, while UQ offers only graduate level entry to Medicine, its most significant competitor in that field, JCU in Townsville, allows school-leaver entry. Although UQ acknowledges that there is risk in its
own strategy – in that some students will be attracted to JCU because they can complete their medical training sooner – it believes that most students will recognise the inherent superiority of its program. Although UQ feels that the success of this strategy can be well demonstrated by continuing high demand for Medicine at St Lucia, there are lingering concerns:

*It has become more difficult for us ... While the figures very clearly show how far above the other Queensland universities the University of Queensland is in terms of demand, we are trying to protect what we have ... That's hard to do* (Parker, (personal communication, 6 March 2006).

In other areas of activity, UQ’s responses to increasing competition continue to focus upon its attempt to enhance its national and international reputation. While initiatives that have been in place for some years – leveraging core competences, strengthening links with government agencies and private corporations, establishing strong links with industry and professional bodies, collaborating with key national and international institutions, and enhancing campus facilities and infrastructure – still dominate UQ’s strategy, new competitive pressures have been responsible for changes in the University’s current thinking. Among these changes are UQ’s attitude to the extent to which it will be able to think of itself as comprehensive in its range of offerings:

*There could well need to be some focusing of endeavour in particular fields of study. That’s not going to be the case with some professional programs, but it may occur in others. We can’t offer all the languages, for instance, and there are going to have to be some hard choices made* (Grigg, personal communication, 6 March 2006)

**Question 3: What particular models or frameworks, if any, guide or inform the response of University of Queensland to increasing competition in the global higher education sector?**

When questioned directly about theoretical underpinning, if any, of UQ’s strategic direction, neither Professor Trevor Grigg (DVC) nor Mr Lindsay Parker (Director, Planning) provided a clear answer. However, in light of their observations, it seems unlikely that UQ relies upon specific models or frameworks to inform strategic responses. Parker, in fact, argued that complexity of current operating environments made use of a single model impossible because
circumstances varied so much from one campus to another. Moreover, he maintained, whatever model might be adopted for any one campus will not suffice for long; constant adjustment of strategy is required as shifts occur in operating environments. Parker remarked:

*One thing now seems clear, and that is that we can’t have a single model. We have to tailor the model continually for different environments. The model we for Ipswich and Gatton, for instance, cannot be the same as that for St Lucia. Even the model for certain parts of St Lucia may be different* (Parker, personal communication, 6 March 2006)

Supporting this view, Grigg observed that there was now a recognition at UQ that its long-held vision - that this University would be distinguished among Australian tertiary institutions (and, perhaps, globally) for its ability to provide students and staff with an outstanding academic experience, in an environment of *unparalleled excellence* (Hay, personal communication, 6 March 2006), and with programs that were as comprehensive as they were outstanding in quality – was becoming untenable. Referring to escalating costs and restrictive government policies, Grigg argued that it was no longer possible for a modern university to be all things to all people:

*Our model is still that of a comprehensive university but ... some focusing of endeavour in particular fields of study could well be needed. We can’t offer all the languages, for instance, and so there are going to have to be some hard choices made. The challenge for government and us will be to make that set of choices* (Grigg, personal communication, 6 March 2006).

Within these parameters, however, University of Queensland remains steadfast in its vision to be a leading player in higher education, not just in Australia but in the world. Underlining the difficulties in creating this new vision of a University that was characterised by its comprehensiveness, and yet possessed of a new focus and selectivity, Grigg averred:

*It’s unlikely that you will be able to do everything up to an international standard. So, you have to ask yourself – given this University’s history of being comprehensive – whether that’s still a sensible strategy to pursue. I suspect that it’s probably not! I think there are choices within the
comprehensiveness. The notion that you can be everything to everybody has long since gone (Grigg, personal communication, 6 March 2006).

While it might be possible to do some tactical things in the short run to appease those people who want a university to be everything, thought Grigg, what it finally came down to was whether the outcomes were of value to those for whom they were produced. If they were not, then success would be short-lived. Grigg argued:

*You can’t build an international profile by trying to pretend that you are researching across the board. These decisions are tough! They’re not environments for everyone. If you’re going to succeed in these environments, you are going to have to be able to cut it, nationally and internationally! It that’s not what you are, you’re going to miss out.* Them’s the realities! (Grigg, personal communication, 6 March 2006)

In Grigg’s view, this is the reason why *a number of universities are beginning to struggle ... They have relied on supply-side factors to have people come to them rather than on demand-side factors* (personal communication, 6 March 2006).

**Summary**

Although this University is in a dominant position in its state markets, and has an enviable reputation among Australian universities internationally, UQ is clearly cognisant of new realities within the higher education sector that threaten its future status and prosperity. Interviewed in March 2006, Professor Trevor Grigg (Deputy Vice-Chancellor, International and Development) acknowledged difficulties facing the University as it attempts to remain relevant in a global operating environment that is rapidly becoming more competitive. Mr Lindsay Parker (Director, Planning) expressed concern about student recruitment difficulties, in both domestic and international markets, which can be explained – in part, at least - by increasing competition.

Figure 4.1 shows these *competitive concerns*, along with *drivers* of those concerns, *strategic responses* to them, and *theoretical bases* upon which responses are made. According to
Figure 4.1 University of Queensland Case Summary

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Competitive Concerns</th>
<th>Strategic Responses</th>
<th>Theoretical Basis of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shrinking global village</td>
<td>Increasingly competitive higher education environment</td>
<td>Develop, strengthen partnerships, alliances to complement existing strengths</td>
<td>Unclear. No obvious reliance on any specific models, but strategic responses are in line with models prominent in literature, e.g. Porter (1980): broad scope, differentiation; Prahalad &amp; Hamel (1992) core competence</td>
</tr>
<tr>
<td>Increased consumer mobility</td>
<td></td>
<td>Benchmark against world leaders to remain relevant</td>
<td></td>
</tr>
<tr>
<td>Declining brand loyalty</td>
<td></td>
<td>Build brand equity, value, awareness in regional areas</td>
<td></td>
</tr>
<tr>
<td>Proliferation of traditional and non-traditional competition</td>
<td>Undergraduate recruitment difficulties at regional campuses</td>
<td>Look critically at product offerings: “Are we offering what the market wants.”</td>
<td></td>
</tr>
<tr>
<td>Current buoyant job market</td>
<td></td>
<td>Increased promotion spending (defensive measure) to match State rivals</td>
<td></td>
</tr>
<tr>
<td>HECS fee increases; greater price sensitivity</td>
<td></td>
<td>Build collaborative arrangements with partners, agents in non-traditional overseas markets</td>
<td></td>
</tr>
<tr>
<td>Government higher education policy</td>
<td></td>
<td>On-going strategic initiatives:</td>
<td></td>
</tr>
<tr>
<td>Growing Asian capacity to serve own student markets</td>
<td>Weakening demand in traditional FFPOS markets</td>
<td>- management restructuring; identifying core competences;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- strengthening links with industry, professions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- extending networks with leading institutions globally; enhancing campus infrastructure and facilities</td>
<td></td>
</tr>
</tbody>
</table>

Note: Dotted line in Figure 4-1 represents on-going initiatives. See on p. 134.
Grigg, universities can no longer rely solely on local and domestic constituencies for support; in an age of increased consumer mobility and declining brand loyalty, those who need access, advice, assistance, expertise or information will seek it where they can, without respect for national boundaries. Thus, successful universities will develop new alliances and collaborative arrangements that will complement their existing strengths. To do this, they will need to be benchmarking constantly against the best in the world in order to remain relevant (Vorhies & Morgan, 2005).

In Parker’s opinion, unprecedented difficulties in filling undergraduate quotas at regional campuses at Ipswich and Gatton can be attributed more to current buoyancy in the national job market than to direct competition, but acknowledges that proliferation of traditional and non-traditional competition is also a factor. This situation is exacerbated by both price sensitivity engendered by recent HECS fee increases and Federal Government policy that has disallowed additional student places at St Lucia campus where demand is strong, while making extra places available at regional campuses where demand is weak. Parker also acknowledges growing competition at international level where full-fee-paying overseas student (FFPOS) demand is weakening in traditional markets as a result of growing capacity in those markets to serve the needs of students domestically.

In response to all of these concerns, UQ is maintaining focus on major initiatives commenced in late 1990s: re-structuring management; identifying core competences, and investing in them to build stocks; strengthening links with government, industry, and professions; extending networks with leading institutions globally; and enhancing campus infrastructure and facilities. (These on-going initiatives are shown in Figure 4.1 in a dotted-line box.) More directly, the University is addressing the current recruitment difficulties by attempting to build the UQ brand, especially in regional areas, by examining product offerings critically, and by increasing the amount spent on advertising and promotion. To recruit international fee-paying students in adequate numbers and of appropriate quality, UQ is attempting to strengthen collaborative arrangements with partners and agents in non-traditional markets.

While strategies adopted by UQ in response to increasing competition are supported by various models and frameworks [e.g., UQ’s efforts to distinguish itself through the excellence of its infrastructure and facilities and by offering an outstanding on-campus experience suggest the influence of Porter’s (1980) views on the differentiation advantage;
UQ’s endeavour to identify core competences and build stocks of them suggests influence of the thinking of Prahalad & Hamel, 1990], there is no direct evidence in this case study to confirm these suggestions. In fact, Grigg maintains that strategy direction at UQ is driven by strategic vision rather than by specific models; Parker contends that use of specific theoretical models is not possible in operating environments that are as fluid as those in which the University currently operates. Thus, in Figure 4.1 the theoretical basis of strategies adopted by UQ is shown as unclear.
University of New South Wales

Background

One of Australia’s most innovative and diverse universities, University of New South Wales (UNSW) was incorporated in 1949 as New South Wales University of Technology in recognition of that scientific and technological impulse that had produced Massachusetts Institute of Technology and the Berlin Institute of Technology (www.unsw.edu/about, accessed 11 April 2006). In 1958, the name was changed to University of New South Wales as the University broadened its scholarly base and character, adding a Faculty of Arts (1960), a Faculty of Medicine (1961), and a Faculty of Law (1971). The new University soon had Colleges at Newcastle (1951) and Wollongong (1961), both of which are now independent universities. In 1981, the Australian Defence Force Academy (ADFA) became a College of UNSW, and remains so today. In 2004, the University (including ADFA) had a total student enrolment of 40,000 students – 19,500 full-time, 20,500 part-time; 26,600 equivalent full-time (EFTSU) – of whom approximately 13,000 were enrolled in postgraduate programs - and a staff of 6,000 (academic 2,600; general 3,400). Situated on two campuses in inner-suburban Sydney - at Kensington (main campus; 38 hectares) and at Paddington (College of Fine Arts) – UNSW also has a number of research stations throughout New South Wales. The University is member of the Group of Eight (Go8), which comprises the nation’s premier research-intensive universities, and of Universitas 21, a global alliance of universities committed to enhancement of quality through international benchmarking (www.unsw.edu.au/about, accessed 11 April 2006).

UNSW has always had a strong international profile, a legacy of its early involvement with the Colombo Plan (1949), an initiative of a number of British Commonwealth countries aimed at improving living standards and fostering political stability in the Asian region. Describing
the special characteristics of the University in mid-2000, the then Vice-Chancellor, Professor John Niland explained:

Likening it to a poker game, we were dealt a very strong hand when we set up in 1949. We were the first instance [in Australia] of a second university in a capital city. At that time, you had the University of Sydney, the University of Melbourne, the University of Queensland and so on – and there was a feeling that that was as it should be! There was one Parliament per city, one Government per city – and there was one university per city! There was one Professor of Mathematics, one Professor of English and so on! When a second university came along, we had not only to struggle to get our quality recognised but also to convince people that it was legitimate, that it could even become a second university. That put a particular burden on this university which it then struggled to overcome. That struggle produced two main results. One was that, in order to get the assured flow of students, the Federal Government made this ‘the Colombo Plan university’. We got a much stronger proportion of Colombo Plan students … The second thing is that, because of the very harsh things that were said about this University by some people at University of Sydney in those early days, there has been an even greater determination to achieve – and, indeed, to achieve on that dimension that the University of Sydney saw itself as being excellent, and that is ‘research’. So UNSW, very early, developed these twin elements of its culture, which are ‘international’ and ‘research’ … So, I think that’s the reason why we are, and have been, such an internationally-engaged university (Niland, personal communication, 24 May 2000).

In 2006, there were 9,000 international students, from over 165 different countries enrolled in on-campus courses at UNSW in Sydney, with an additional 1,900 international students in pre-University programs. UNSW has developed strong research partnerships and student exchange programs with more than 200 international partners, and is engaged in many other international activities. The University is home to a number of internationally recognised research developments, notably in the fields of quantum computing, photovoltaics, HIV/AIDS research, interactive cinema, and polymer chemistry (www.unsw.edu.au/about/pad/about, accessed 26 October 2006).
In 1999, UNSW established New South Global Pty Ltd (NSG), a wholly-owned subsidiary with a specific brief to further develop non-degree education and to facilitate the international educational activities of the University as a whole. NSG currently comprises six divisions: Foundation Studies; UNSW Institute of Languages; NSG Consulting; UNSW Study Abroad; Education Assessment Australia; and The National Centre for Language Training. With a staff of more than 500, NSG has an annual turnover in excess of $60 million (www.nsg.unsw.edu.au, accessed 26 October 2006).

Presently, UNSW is accepting enrolments for a new, wholly owned university in Singapore. To be known as UNSW Asia, the new university is due to open in March 2007 (See Note 4.1, p.147). Established at the invitation of the Singapore Government, UNSW Asia will be Singapore’s first comprehensive private university, and the first wholly owned research and teaching institution to be established overseas by an Australian university. UNSW Asia will occupy leased premises at the Tanglin Campus in Kay Siang Road in Singapore until it is relocated to its own campus, now under construction at Changi, in 2009 (www.unswasia.edu.sg/about, accessed 20 September 2006).

**Question 1: What are current levels of concern at UNSW with rapid intensification of competition in the global higher education sector? What aspects of that competition are of most concern to you?**

According to Professor Robert King, Deputy Vice-Chancellor (Academic) and Registrar at the University of New South Wales, interviewed in May 2006, UNSW is very aware of the rapid intensification of competition in the global higher education sector, and of the effects that competitive pressures are having on universities both nationally and internationally. That said, however, King believes that UNSW is in a better position than most, if not all, of its Australian counterparts to deal with those pressures, and that domestic competition is not uppermost in the minds of UNSW leaders. King averred, however, that there is a steely resolve that this university will not be left behind at the international level, and that UNSW can, and will, retain a prominent position among key universities globally.
Here, in large measure, King was echoing long-held views at UNSW on the likely effects of globalisation on universities. In mid-2000, Professor John Niland, (then Vice-Chancellor) had observed:

We have very exciting times ahead but also very risky times. If you go back to something like Tom Friedman’s book on globalisation, essentially he puts the changes that are happening across the world down to three causes: the democratisation of investment, the democratisation of technology, and the democratisation of learning. Certainly, learning is right within the university’s essence, technology is affecting us enormously, and, given the change that’s occurring in the balance between public and private funding of higher education, investment is also significant. So, what that very important commentator on the world of globalisation [Friedman] perceives as the root elements of globalisation all live directly within the heart of a university ...

Within a university like UNSW in which ‘international’ is such a major part, in some measure the major difficulty is funding, but also in equal measure the major difficulty is the international imperative (Niland, personal communication, 24 May 2000).

That what Niland referred to here as the international imperative is still uppermost in the minds of the academic hierarchy at UNSW is evident in the University’s push to develop UNSW Asia in Singapore. In an address to the Australian Chamber of Commerce in Singapore in October 2004, Professor John Ingleson, Deputy Vice-Chancellor (International and Development) at UNSW said:

Universities are the last of the major institutions in the western world to become substantially affected by the process of globalisation. Over the last decade most major universities have begun to explore the likely future impact of globalisation on their institutions. Curricula are becoming more international in focus and student mobility is growing quickly as students increasingly recognise the value of an overseas experience as an integral part of their university education. Universities are creating networks in order to explore deeper levels of cross-national collaboration, including the development of joint courses. Increasingly, international consortiums of universities are being put together to engage in high cost research projects with funding from multinational sources.
or from more than one government. And, of course, e-education, by definition, transgresses national boundaries (Transcript, Ingleson: UNSW Comes to Singapore: The Internationalisation of University Education, Address to the Australian Chamber of Commerce, Singapore, 29 October 2004, p.2).

**Question 2: How is UNSW responding strategically to increasing competition in the global higher education sector?**

In another segment of his address to the Australian Chamber of Commerce in Singapore, Ingleson observed that many of the outstanding universities of the world, among which UNSW was determined to be numbered, were already responding to increasing competition in the global higher education sector by establishing campuses overseas:

> [For some time] many British, US and Australian universities have entered into ‘twinning arrangements’ (where some or all of a program is completed overseas), in-country partnerships with local commercial organisations, or stand-alone teaching campuses. A number of US universities have established specialist campuses overseas, primarily in the form of private medical schools in the Middle East. [Now, however,] business schools of major US and British universities have begun to move to a further stage by creating a second campus primarily for nationals in the country where the campus is located and for people from third countries. INSEAD in Fontainebleau and Singapore and Chicago Business School in Singapore and Barcelona are prime examples. Chicago uses the slogan ‘One University, Three Continents’ in its advertising. The London Business School is about to establish a campus in Eastern Europe and is in discussions about establishing another campus in India ... The Intergroupe Consortium of the Grandes Ecole Centrale, composed of four of the elite science and engineering universities in France, has recently accepted an invitation from the Chinese government to establish a major campus in Beijing. Rice University has also recently established a private university in Bremen, in cooperation with the German State government (Transcript, Ingleson: UNSW Comes to Singapore: The Internationalisation of University Education, Address to the Australian Chamber of Commerce, Singapore, 29 October 2004, p.3).
For similar reasons, Ingleson continued, UNSW was establishing UNSW Asia in Singapore. Ingleson made it clear that this was a most important strategic response by UNSW to increasing competition in the global higher education sector:

_The UNSW Asia campus in Singapore will confirm the status of UNSW as the pre-eminent Australian university in the Asia region ... A Singapore campus will provide UNSW with a significant competitive advantage over other Australian universities_ (Transcript, Ingleson: UNSW Comes to Singapore: The Internationalisation of University Education, Address to the Australian Chamber of Commerce, Singapore, 29 October 2004, p.5).

Interviewed at UNSW in May 2006, Ingleson explained that, in addition to the competitive advantage that the establishment of UNSW Asia provided, there are many other benefits for UNSW. The privileged status conferred upon UNSW by the Singapore Government’s invitation to establish the first research-intensive private university in the region markedly enhances the University’s capacity to project itself in Asia. Becoming a genuine regional institution, UNSW is signalling an unequalled commitment to Asia and heightening its standing with regional governments. Singapore provides a regional hub for UNSW of a quality and strength that cannot, at this stage, be replicated or matched elsewhere in Asia. UNSW Asia allows UNSW researchers to develop collaborative projects and to access corporate and government research funds not otherwise available. The personal and financial support of UNSW Asia by graduates, not only in Singapore but also in Malaysia, Thailand and Indonesia, will strengthen their support for UNSW as a whole. The establishment of UNSW Asia will increase the number of UNSW graduates in the region whose support, as they assume roles in government and industry, will be inestimable. The capacity for local UNSW students to study in Asia on exchange programs is also greatly enhanced (personal communication, 24 May 2006).

Two further (and very important) benefits to UNSW, Ingleson believes, will accrue from the University’s push into Singapore. First, the establishment of UNSW Asia will strengthen UNSW links with European and US universities:

_UNSW Asia will become a portal for European students into Asia, and from there into UNSW Sydney. European students will be attracted to a UNSW Asia_
campus on both exchange and Study Abroad type programs as well as on full degree programs. The experience of INSEAD Singapore has been that 75% of its students originate from Europe and the Americas. A UNSW Asia campus will enable UNSW to develop creative programs for students from partner universities in Europe which include a period at the Singapore campus as well as at the Sydney campus (Transcript, Ingleson: UNSW Comes to Singapore: The Internationalisation of University Education, Address to the Australian Chamber of Commerce, Singapore, 29 October 2004, p.6).

Second, and perhaps most significant of all in the current circumstances, the establishment of UNSW Asia will provide UNSW with a source of private funding which may, partly at least, compensate for the decline in Australian government per capita funding to universities that has occurred in recent decades. As Ingleson explained:

"UNSW Asia will strengthen the ability of UNSW to raise funds in the region from both multinational and philanthropic sources for education and research projects. While much will be to the direct benefit of UNSW Asia, some will also be of direct benefit to UNSW Sydney" (Transcript, Ingleson: UNSW Comes to Singapore: The Internationalisation of University Education, Address to the Australian Chamber of Commerce, Singapore, 29 October 2004, p.6).

UNSW’s current strategic plan, Strategic Plan 2005, makes it clear that the creation of UNSW Asia is the central strategy for establishing UNSW as a major international research university (see “Enabling Our Vision: Our Defining Strategic Priorities”, Strategic Plan 2005, p.7, www.unsw.edu.au/about, accessed 7 November 2006). Nonetheless, clearly, strategic attention at UNSW is also being given to other areas of endeavour. Listed among defining priorities in the University’s Strategic Plan 2005 (p.7) are strategies relating to (i) attraction and retention of excellent researchers, and promotion of collaboration through provision of high-quality research facilities; (ii) attraction and retention of excellent teachers to enhance the student learning experience; (iii) extension and fostering of multidisciplinary research in strategic areas; (iv) development of new networks, systems and spaces to encourage collegial and social interchange; (v) collaboration with, and partnering of, the wider community for mutually beneficial exchange; (vi) improvement of the student experience through the establishment of a UNSW Graduate Research School; (vii) enhancement of student
experience through teaching programs informed by international research on educational quality; and (viii) establishment and resourcing of the NSW Environmental Network to provide regional leadership in managing, researching and teaching environmental sustainability (see “Enabling Our Vision: Our Defining Strategic Priorities”, Strategic Plan 2005, p.7, www.unsw.edu.au/about, accessed 7 November 2006).

Question 3: What particular models or frameworks, if any, guide or inform the response of UNSW to increasing competition in the global higher education sector?

As was the case with those interviewed at University of Queensland (see University of Queensland case study, this chapter, above), those interviewed at UNSW denied that there were specific theoretical model(s) or framework(s) underpinning the strategic response of UNSW to rapid intensification of competition in the global higher education sector. Rather, they suggested, the University’s Statements of Vision, Purpose, and Values drove its current strategy. Expressed formally UNSW’s Vision is: To be Australia’s leading international research university with a reputation for excellence in scholarship, learning and the student experience. (Strategic Plan 2005, p.3. See www.unsw.edu.au, accessed 7 November 2006). Not surprisingly, because international and research are the key elements of this Vision, UNSW’s current strategy in response to increasing competition is heavily focused on bringing its plans for its UNSW Asia campus in Singapore to fruition, and enhancing its global reputation as a leader in research.

These same elements – international and research – are similarly prominent in UNSW’s Purpose Statement. In its Strategic Plan 2005, UNSW lists a five-fold purpose: (a) To excel in research as a contribution to a productive and sustainable economy, the prosperity of our nation, the health and well-being of its people, and the protection of its environment; (b) To advance human knowledge through our research, teaching, and scholarship and our engagement with the community; (c) To contribute to the development, the well-being and stability of our region of South-East Asia through scholarship, collaboration, consultation, training and exchange; (d) To enable all of our students to have an outstanding learning experience and to reach their full potential; (e) To be a dynamic point of contact for the life-long learning and social engagement of our alumni (p.5). Again, UNSW’s current competitive strategies reflect these purposes.
Supporting UNSW’s current strategic response to the increasingly competitive situation in the global higher education environment are the University’s expressed Values (see Strategic Plan 2005, p.6). Prominent among the Values are expressions of UNSW’s desire to generate a global collegiality ... to enhance capacity to reach beyond our campus to contribute to the lives of our neighbours – locally, nationally and internationally ...[and] to excel in research that enriches the learning experience and outcomes for all students.

The earnestness of UNSW’s commitment to internationalisation – and, hence, its strong focus on its strategy to develop its new UNSW Asia campus in Singapore is amply encapsulated in the closing words of Ingleson’s address to the Australian Chamber of Commerce, Singapore, 29 October 2004, p.7):

"The broader benefits of internationalisation of university education are considerable. If we are to live in a peaceful, stable and prosperous world – not just for a few countries or for a few people – then it is in all our interests to encourage the young to live and study with people in a different culture to their own ... It is as important for an Australian student as it is for a Chinese student. At a very practical level, graduates from all countries are going to spend significant parts of their working lives overseas. To do so successfully, they need to understand cultural differences and to have some intellectual understanding of cultures other than their own. UNSW Asia in Singapore is the next and exciting step in our commitment to the internationalisation of university education. (Transcript, Ingleson: UNSW Comes to Singapore: The Internationalisation of University Education, Address to the Australian Chamber of Commerce, Singapore, 29 October 2004, p.7).

Summary

As a leading member of the Group of Eight universities in Australia, and recognised as one of the nation’s premier, comprehensive research-intensive universities, UNSW has few concerns about its capacity to survive and prosper in an increasingly competitive domestic higher
education environment. However, UNSW has global intentions and is well aware of threats to its international ambitions.

As Figure 4.2 shows, two particular competitive concerns give rise to the strategic responses this University is making to rapid intensification of competition in the global higher education arena: (i) the growing presence of strong international rivals in the SE Asian region; already major European, UK and UK institutions (e.g., INSEAD, Chicago Business School, and London Business School) have made inroads into SE Asian markets and UNSW is determined not to be left behind in the battle for ascendancy in this region (King, personal communication, May 2006); and (ii) diminished Federal Government funding for tertiary education in Australia (and the consequent need to find alternative funding sources). Driving these two competitive concerns (see Figure 4.2, Column 1) are: (i) continuing strong global demand for tertiary education, and particularly from the Asian region; (ii) trends to globalisation of tertiary education, with some universities in China and India already joining their Western counterparts in expansionary moves in Asia; (iii) the increasing importance to universities of achieving world-ranking in research and teaching in order to attract government and industry funding; and (iv) perceived benefits in terms of funding and private financial to UNSW as a whole in consolidating its presence in SE Asia.

Since its inception in 1949, UNSW has had a strong commitment to internationalisation. Proud of its heritage as the Colombo Plan university (Niland, personal communication, 24 May 2000), UNSW currently enrols 9,000 students – almost a quarter of its student population – from 90 other countries. Another quarter of its students are the first generation children of migrants. Over half of its students come from non-English speaking backgrounds. There is a strong conviction at UNSW that the presence of so many young people from such diverse backgrounds has contributed in immeasurable ways to the educational experience of local students and that UNSW’s Australian students have gained as much from the presence of overseas students as they themselves have from their Australian experiences (Ingleson: personal communication, May 2006).

Foremost in UNSW’s strategic response (see Figure 4.2, Column 3) to increasing threats to its international imperative (Niland, personal communication, 24 May 2000), is development of UNSW Asia, a new, comprehensive, private university in Singapore, the first wholly owned
**Figure 4.2 University of New South Wales: Case Summary**

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Competitive Concerns</th>
<th>Strategic Responses</th>
<th>Theoretical Bases of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing strong global demand for tertiary education</td>
<td>Growing presence of established universities (e.g. INSEAD, Chicago Business School, London Business School) in SE Asia</td>
<td>Establishment of UNSW Asia in Singapore*</td>
<td>Unclear. No obvious reliance on specific models but strategic responses in line with models prominent in literature, e.g. Porter’s (1980) broad scope, differentiation; Kotler &amp; Singh’s (1981) market leadership.</td>
</tr>
<tr>
<td>Globalisation of tertiary education – “global imperative”</td>
<td></td>
<td>Attraction and retention of outstanding researchers; promotion of collaboration through provision of high quality research facilities</td>
<td></td>
</tr>
<tr>
<td>Increasing need for world’s leading universities to enhance reputation for research and teaching in order to attract top calibre students, staff, alliances, private funding</td>
<td></td>
<td>Attraction and retention of excellent teachers to enhance student learning</td>
<td></td>
</tr>
<tr>
<td>Perceived benefits for UNSW as a whole in consolidating presence in SE Asia</td>
<td>Diminished C’wealth funding per capita; need to find alternative funding sources</td>
<td>Fostering multi-disciplinary research in strategic areas</td>
<td></td>
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<td></td>
<td>Establishment of UNSW Graduate School to enhance student experience</td>
<td>Establishment of NSW Environment Network to provide regional leadership in managing sustainability</td>
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</tr>
</tbody>
</table>

* See Note 4.1, p.147
research and teaching university to be established overseas by an Australian university. Set up at the invitation of the Singapore Government, UNSW Asia is currently accepting enrolments and will commence teaching early in 2007. UNSW is confident that the establishment of UNSW Asia will provide the University with a substantial competitive advantage, allowing it to project itself into Asia, heightening its standing with regional governments, providing capacity for its researchers to develop project alliances, and giving it access to government and private funding that would be otherwise unavailable. Additionally, the establishment of UNSW Asia will provide UNSW in Sydney with a source of funds that will, partly at least, compensate for the decline in Australian government funding per capita in recent years.

Additionally, UNSW includes among its strategic response to increasing competition (see Figure 4.2, Column 3) the following defining priorities (see Strategic Plan 2005): (i) attraction and retention of leading researchers and promotion of collaboration in research through provision of high-quality infrastructure; (ii) attraction and retention of outstanding teachers; (iii) extension and fostering of multidisciplinary research in selected areas; (iv) collaboration with, and partnering of, the wider community for mutually beneficial exchanges; establishment and funding of a new UNSW Graduate School to enhance student experiences; and (vi) establishment of NSW Environmental Network to provide regional leadership in managing sustainability.

As in the case of University of Queensland, the theoretical underpinning of strategic responses of UNSW is unclear, with those interviewed suggesting that responses are based on the University’s vision, goals and purposes rather than on specific models and/or frameworks to be found in the literatures of strategic management and competitive advantage. Nevertheless, strands of models and frameworks that are prominent in those literatures are discernible in UNSW’s strategic response to the current environment. Clearly, for instance, Porter’s (1980) broad scale differentiation strategy is suggested by UNSW’s plans to offer a comprehensive curriculum (albeit with some selectivity where economies of scale and the need to maximise scarce resources dictate it) to a wide audience. Similarly, the market leadership strategy of Kotler & Singh (1981) is suggested by the University’s leading role in establishment of the first wholly-owned private university in Singapore.
Note 4.1

The interviews on which this case study was based were conducted in April/May 2006.

On 28 June 2007, after having operated for just one semester, UNSW Asia officially closed its doors. In a short statement issued on 28 May 2007, (“UNSW Asia to close”) UNSW’s Vice-Chancellor, Professor Fred Hilmer, said that the reason for the closure was the lower than anticipated current enrolments and current demand (UNSW Press Release, 20 May, 2007; www.unsw.edu.au/news/pad/media/2007/may/UNSW_Asia_close.html, accessed 12 July 2007). At the time of closure, UNSW had 148 enrolled students, of whom 100 were residents of Singapore. The anticipated enrolment for the initial intake in February 2007 was 300 students. Second semester enrolments were anticipated at 480, but it was clear at the time of closure that this target would not be met. UNSW was banking on an enrolment of 15,000 students after 20 years of operation (UNSW Press Release, 20 May, 2007). The cost to establish the new campus was estimated at A$200 million (O’Keefe, 2007). At the time of closure, UNSW had spent A$17.5 million on the project (Alexander, 2007).

Commenting on the closure, Carolyn Allport, national president of the National Tertiary Education Union (NTEU), said that because Singapore has invested heavily in higher education with the intention of becoming an overseas student destination in its own right, the market was always going to be a difficult one for an Australian university to compete in. (Alexander, 2007, p.1). Other commentators believed that the real problem was that UNSW Asia was never going to be able to compete successfully with Singapore’s own universities because the best students would always prefer to go to National University of Singapore (NUS), long recognised as one of the world’s best (Alexander, 2007, p.1).

The failure of UNSW Asia does not invalidate this case. On the contrary, the circumstances in which UNSW finds itself now add weight to the central ideas of this thesis, that environments in which universities are currently operating are volatile, that competition is fierce, that sound strategies will be needed to compete effectively, and that universities will need to be nimble (quick and flexible) if they are to succeed and prosper.
University of Technology, Sydney

Background

University of Technology, Sydney (UTS) was formed in 1988 from the New South Wales Institute of Technology (established 1964, but with roots going back to the opening of Sydney Technical College in 1893). Restructured after amalgamation with Kuring-gai College of Advanced Education, NSW School of Design, and NSW Institute of Technical and Adult Teacher Education, the new UTS was formally established on 1 January 1990. Situated predominantly in the Sydney CBD, UTS has an academic structure of 9 faculties: Business; Design, Architecture and Building; Education; Engineering; Humanities and Social Science; Information Technology; Law; Nursing, Midwifery and Health; and Science. Describing itself as a University focused on practice oriented education with strong links to industry, the professions and the community, and with a growing research reputation and a strong commitment to internationalisation (www.uts.edu.au/about/history, accessed 14 April 2006), UTS had an equivalent full-time student load (EFTSL) of 21,998 in 2005, and a full-time equivalent (FTE) academic and administrative staff of 2,635. In 2004, UTS reported total income of A$329 million, of which the Commonwealth Operating Grant represented 34%, student contributions 56%, and research income 8% (www.uts.edu.au/about/facts, accessed 14 April 2006). With Curtin University (CU), Queensland University of Technology (QUT), Royal Melbourne Institute of Technology University (RMITU), and University of South Australia (UniSA), UTS is a member of the Australian Technology Network (ATN), a coalition of universities with similar origins and aims. Coalition members work together in their common interest, and collaborate in the provision of services.
In recounting its short history as a university, UTS acknowledges three distinct phases. In the first phase, from formal establishment in 1990 to the mid-1990s, the prime focus of strategic attention was the bringing together of culturally diverse institutions from which the new University was formed. This necessitated movement of staff and programs between campuses, and staff development to strengthen the research culture and to establish consistent approaches to teaching and learning (www.uts.edu.au/about/history, accessed 14 April 2006). The second phase, from the mid-1990s to 2000, was characterised by declining per capita Government funding and the subsequent need for entrepreneurship and diversification of revenue sources (www.uts.edu.au/about/history, accessed 14 April 2006). Not surprisingly, this phase saw a strong focus on recruitment of full-fee paying international students, and the expansion of income-producing postgraduate programs for domestic students. Increased research output, internationalisation of curricula, and introduction of flexible learning modes also became strategic priorities. In the third phase, which began in 2000 and is still on-going, strategic attention is focused on four major themes: concentrating research; upgrading facilities and infrastructure; enhancing teaching and learning; and expanding entrepreneurial activity (www.uts.edu.au/about/history, accessed 14 April 2006).

Concentrating research has involved identification of areas of research strength, and investment in them to maximise outcomes. In this endeavour, collaboration with other institutions and industry bodies is of paramount importance, as are efforts to recruit and retain top-calibre researchers. Considerable attention has been given, too, to supporting a growing research student population. (In 2005, UTS had 1,273 students engaged in higher degrees – 1,015 in PhD programs, and 258 in Masters programs by research.) Upgrading facilities and infrastructure has involved renovation of existing buildings and erection of new ones with major new spaces and state-of-the-art installations. New student accommodation has been built. This upgrading is designed to promote student life on campus. For UTS, these changes reflect not only an adjustment to the increasingly full-time profile of the student population but also strategic choices aimed at enhancing the future competitive position [of the University] in an increasingly deregulated higher education market (www.uts.edu.au/about, accessed 14 April 2006). Enhancing teaching and learning has involved student-driven development of physical and information technology infrastructure. Services provided to students have been significantly improved. Social, sporting, cultural aspects of the broader conception of the student experience have received critical attention. Expanding entrepreneurial activity has involved the search for opportunity for the University to promote
its image and reputation, to bolster existing revenues, and to find new income streams. This has meant, among other initiatives, looking for potential new sources of fee-paying students, new research partners, new opportunities to commercialise research, new ways to franchise intellectual property, and new areas of communication and engagement (Blake, personal communication, 22 May 2000).

**Question 1: What are current levels of concern at University of Technology, Sydney, with rapid intensification of competition in the global higher education sector? What aspects of that competition are of most concern to you?**

There is a keen awareness at UTS that competition in the global higher education sector has intensified in recent years. According to Dr Alex Byrne, Pro Vice-Chancellor and Vice-President (Teaching and Learning) and Vice-President (Alumni and Development):

*Yes, of course, the higher education sector is certainly becoming more competitive, locally and globally ... In the local sector, we have seen the proliferation of universities, and we’ve seen the emergence of many providers – including private colleges, professional associations, and other bodies – that can offer degrees or postgraduate qualifications in competition with universities* (Byrne, personal communication, 2 May 2006).

Byrne illustrates the impact on UTS of this proliferation of providers of tertiary level education and training by reference to a recent survey of the University’s library users. This survey revealed that:

*There were 73 such private colleges in this southern part of the city. That’s a lot of competition! Some of these colleges were operating at the TAFE or sub-degree level, but others were offering degrees. And, in a sense, that’s irrelevant because even if they’re only at sub-degree level, they affect our pathway providers* (Byrne, personal communication, 2 May 2006).

However, having said that, Byrne is clearly of the view that escalation of competition has not yet reached the point where UTS needs to have serious concerns. Unlike a number of smaller
universities (e.g., Edith Cowan University in Perth, and both James Cook University and Central Queensland University in regional Queensland, all of which have had to hand back unused quota to the Department of Education, Science and Training recently), UTS is not experiencing difficulty in attracting an adequate number of students of quality:

At the domestic level, we have not been greatly affected by competition from rival universities. Because of our particular niche here at UTS – which is very much the professional area – we are in a very strong position. We are always over-subscribed for places, and our University Admissions Indexes (UAIs) are still high, and in most years they are the highest in the state for the areas in which we operate (Byrne, personal communication, 2 May 2006).

At undergraduate level, Byrne contends, UTS’s strong performance in recruitment of domestic school-leavers can be attributed largely to the University’s product mix and practical orientation (Personal communication, 2 May 2006). At this level, word-of-mouth is a powerful tool working in the University’s favour. Moreover, UTS, with its roots as an Institute of Technology and a Technical College before that, has traditionally found favour with the ‘first-at-university’ market. As Byrne puts it:

With school-leavers we are in a very strong position ... Word-of-mouth is so very strong at the school-leaver level ... It’s where their friends went, where family members went, and so on ... UTS has also traditionally done well in the ‘first-at-university’ market, providing opportunity in that way (Byrne, personal communication, 2 May 2006).

That many of these ‘first-at-university’ students are from migrant families is evidenced by the cultural diversity that characterises UTS. In 1990, more than 30% of UTS students spoke a language other than English at home, and there were approximately 90 languages represented in all. In 2006, over 40% of the student population speaks a language other than English at home, and there are now more than 100 languages represented (www.uts.edu.au/about, accessed 14 April 2006). This cultural diversity, Byrne believes, is one of UTS’s great strengths, a feature of the University that has given it a distinctiveness, and helped considerably in its market positioning strategy:
As the University emerged from its roots as an Institute of Technology, and a Technical College before that, it has always had a very culturally diverse student body and an increasingly diverse teaching cohort ... There has always been a sense or feeling that we should build on that (Byrne, personal communication, 2 May 2006).

At postgraduate level of student recruitment, however, the situation at UTS is rather different. There, Byrne concedes, competitive pressures might be one factor – albeit not one a major one - in a decline in demand for entry to courses in 2006. The major reason, Byrne believes, is that costs of undertaking a postgraduate degree have risen to the point where students are having to seriously consider whether career advancement benefits of having additional qualifications are worthwhile:

What we have seen [at UTS] this year is a significant decline in demand for postgraduate course work ... One reason for this is price sensitivity ... price levels have got to a point where people are now questioning the value of a postgraduate degree or other qualification (Byrne, personal communication, 2 May 2006).

Price sensitivity, however, is only one explanation; for Byrne, two other explanations are possible. The first of these is that, in a time of almost full employment - as now – there is not only less incentive for people to go back to university to add to their qualifications but less opportunity: Full employment makes it less likely that people have the time for postgraduate study (Byrne, personal communication, 2 May 2006). Yet another explanation, according to Byrne, is that competitive pressure is having an impact. In explanation of this, Byrne suggests that there is a belief in some quarters that Australian universities that have their origins as Institutes of Technology (UTS, Royal Melbourne Institute of Technology University, Queensland University of Technology, Curtin University, and University of South Australia), are relatively weak in attracting postgraduate research students (personal communication, 2 May 2006). While Byrne makes it clear that he does not subscribe to this view, he concedes that competition at this level is formidable: A lot of our best and brightest students, our bright Honours students, go off to the Sandstones to do their postgraduate study (personal communication, 2 May 2006).
At the level of international student recruitment, too, UTS is aware of escalating competition although, as with competition at domestic undergraduate and postgraduate levels, it has not yet had serious impacts on the University’s operations. Although UTS was relatively late into the recruitment of full-fee paying overseas students, the University has done well in that market:

*For UTS, recruitment of full-fee paying international students has paid off mightily. We moved from a start of 100 international students in 1997 to over 6,000 now in 2006. That’s fantastic growth over about eight years* (Byrne, personal communication, 2 May 2006).

However, thinks Byrne, *that growth has now reached a plateau, and the reasons for that are largely to do with competition* (Byrne, personal communication, 2 May 2006). Byrne points out that while UTS and most other Australian universities have always faced competition from British, American, and, to a lesser extent, Canadian universities, institutions from other nations are now beginning to compete more vigorously:

*We’ve now seen Singapore emerge as a significant exporter of education, Malaysia beginning to do that, and China beginning to do that. All three of those - and Thailand, too – are improving the quality of their own universities so that they’re retaining more students at home rather than allowing them to go off to international institutions* (Byrne, personal communication, 2 May 2006).

Exacerbating the impact of this additional competition, in UTS’s view, has been the tendency, to date, of many Australian universities to rest on their laurels in international markets. Referring to the efforts of Australian universities generally to serve - and satisfy – international markets, Byrne observes:

*We haven’t been very smart here in Australia about the way we’ve adapted our product mix. We’ve essentially tried to sell the same thing, while the market has moved on. I don’t know how many MBAs you can sell, for example, when everyone’s offering them* (Byrne, personal communication, 2 May 2006).
In support of this, Byrne points to the growing number of Australian universities that have established offices in Sydney in recent years in support of their distance learning programs, their MBA program, and other offerings:

At last count I heard that 28 of the Australian universities have a presence here in Sydney. If you walk up Kent Street and Sussex Street in the Sydney CBD you’ll see them there one after the other. But that doesn’t particularly worry us. We don’t see that as a major concern (Byrne, personal communication, 2 May 2006).

Nor, in Byrne’s view, does UTS have anything to fear from competition provided by virtual universities such as University of Phoenix or Kaplan University, which offer degree programs on-line. Providers of this kind, Byrne believes, serve quite different markets:

Our strategy, as I said earlier, has been to compete through quality. So, we’re not going to, as we would see it, compete in the trenches with those sorts of institutions. My perception at the moment is that Australian employers are not so desperate to get people with degrees that they’ll accept what they see as down-market degrees (Byrne, personal communication, 2 May 2006).

That is not to say, however, that UTS is complacent. The University acknowledges that current higher education environments are changing rapidly, and that these changes must be closely monitored:

Obviously, we have to keep watching the situation … We’re starting to see more serious competition. There have been some interesting initiatives by governments … Competition policy and the Free Trade Agreement open the door for U.S. institutions to expect some sort of support … The initiatives in Adelaide [where the strong U.S. university, Carnegie Mellon, has recently entered the market] are very interesting … There have also been moves by Singapore institutions (Byrne, personal communication, 2 May 2006).
Question 2: How is UTS responding strategically to increasing competition in the global higher education sector?

According to Byrne, responses of UTS to current challenges in the global higher education sector will continue to focus on four major themes: concentrating research; upgrading facilities and infrastructure; enhancing teaching and learning; and expanding entrepreneurial activity. Described briefly above, these are the over-arching themes that characterise the third phase, begun in 2000, of this University’s development. This phase will continue for as long as it takes to accomplish the developmental objectives that these themes embrace.

Within these over-arching themes, Byrne suggests, UTS is responding to competitive pressure in a number of specific ways. The first of these is the University’s determination to maintain its image and brand, to be seen by local, national and international communities as a leading player in, and significant contributor to, the global higher education sector:

There seems to be a very strong view that we have a hard-won reputation that we want to maintain. We don’t want to let that go. So, in responding to the increased competition, that’s one aspect – maintaining quality and maintaining brand value, and restricting ourselves to markets where we think we have an advantage (Byrne, personal communication, 2 May 2006).

Byrne’s comment that UTS will restrict itself to markets in which it has an advantage is an important one here. This declaration is an indication of clear understanding by UTS of principles of competitive strategy. Kotler and Singh (1981), for instance, basing their ideas about competitive behaviour in business on strategies devised in military situations, list the contraction defence, a tactic in which military commanders choose to withdraw their troops rather than to engage the enemy unless they perceive themselves to have an advantage, as one of the classic strategies of warfare. By analogy, according to these authors, restricting themselves to markets where they perceives themselves to be superior to rivals gives organisations a competitive advantage in business situations.

A third aspect of current UTS strategy, Byrne advises, is an on-going review of its present market offerings in order to be able to satisfy itself that its products and programs are relevant.
and appropriate: The other response we are making is to look very carefully at our product mix ... That sort of strategy – looking at product mix, looking at structures – is what will make us competitive without sacrificing quality and reputation (Byrne, personal communication, 2 May 2006). In particular, says Byrne, UTS is very keen to know that its program structures are in line with market needs, wants and expectations. He contends:

What we’re trying to do is to say whether what we’ve been offering has lost appeal in the marketplace ... and at the same time to look at portability issues (in particular at the Bologna Agreement and what that means for the way in which our degrees should be structured so that they’re seen as international degrees rather than Australian degrees (Byrne, personal communication, 2 May 2006).

Although concordance with the Bologna Agreement, an arrangement between some European countries to facilitate movement of students across national borders, would give UTS some advantage in the marketplace, Byrne feels, achieving such concordance will not be easy – for UTS, or for any other Australian university (see, inter alia, www.aua.ac.uk/events/courses/previous/Bologna, accessed 24 August 2006). While the Bologna Agreement specifies a three-year structure for undergraduate degrees (two years for Masters and three for PhDs), four-year and five-year degrees are common in professional areas in Australia. Nevertheless, Byrne argues, UTS’s endeavour to review its offerings in light of the Bologna Agreement is worthwhile (Byrne, personal communication, 2 May 2006).

At the postgraduate level, Byrne is keen to see UTS adopt a more proactive approach to attraction and retention of high quality students by exploring with other members of the ATN network the idea of a joint Graduate School. Byrne argues that

It seems to me if the ATN were to establish a joint Graduate School, it would be larger than some of the Sandstones. We could provide the best supervision available, and we would be in a much stronger competitive position. It would facilitate co-supervision across the five institutions, and so on. But, so far, they haven’t been ready to do that (Byrne, personal communication, 2 May 2006).
Although this idea is still only at the preliminary discussion stage, Byrne argues that the establishment of such a School would allow members of the ATN to carry the fight for best quality postgraduate students to the Sandstones with considerably better chances of success (Byrne, personal communication, 2 May 2006).

**Question 3: What particular models or frameworks, if any, guide or inform the response of UTS to increasing competition in the global higher education sector?**

Byrne is quite clear in his belief that strategy development at UTS is driven by the University’s internal values rather than by any specific theoretical models and/or frameworks. He maintains:

> I don’t think that there’s any textbook model or framework guiding our strategic thinking here at UTS. Our strategy is very much driven by our strategic plan and the priorities established in that. Those priorities come out of the UTS values – service to the community [and] industry relevance (or what we call practice orientation) ... And then there’s our fierce desire to maintain the brand value and to protect the reputation of the institution ... I think they’re the drivers of our strategy. It’s really a values-driven strategy rather than a framework-driven strategy (Byrne, personal communication, 2 May 2006).

In Byrne’s view, however, it is likely that Federal Government higher education policy will have a greater impact on the strategy direction of UTS than either values or models in the future. Byrne doubts, for instance, that the present number of public universities is sustainable, first because it will become increasingly difficult to support them in their present form financially, and, second, because some of them will find it impossible to achieve quality levels that would justify their retention. While political sensitivity and parochialism will ensure that current regional interests are looked after for some years to come, mergers and/or closures are inevitable in the long term, Byrne believes. The nature and extent of such mergers will undoubtedly affect strategy direction at UTS (Byrne, personal communication, 2 May 2006).
Summary

Interviewed in May 2006, Dr Alex Byrne, Pro Vice-Chancellor and Vice-President (Teaching and Learning) and Vice-President (Alumni and Development) expressed the view that increasing competition has not yet reached the point where UTS needs to have serious concerns. While all at UTS are highly cognisant of rapid escalation of competition in the global higher education sector in recent years, Byrne believes that there is a quiet confidence that this University is now in a strong position competitively. As a former Institute of Technology, and a Technical College before that, UTS has major advantages, Byrne insists. With its avowedly practical orientation, UTS has traditionally found favour with the first-at-university market, many of whom are from migrant families. In this respect, word-of-mouth has always been a particularly powerful tool. A hard-won reputation for quality and a convenient inner-city location have meant that UTS has had little trouble to date in attracting students to its career-focused programs.

Nevertheless, today’s operating environments are certainly more challenging than in the past, Byrne admits. Driven by proliferation of traditional universities, emergence of providers of alternative forms of higher education and training, and assistance given by Governments to foreign universities coming to Australia, the tertiary education sector has become increasingly more combative. A stronger Australian dollar in recent years, fiercer competition from rivals in both traditional and non-traditional international markets, and the increasing ability of Asian countries to serve the needs of their own tertiary students have combined to make it much more difficult to attract full-fee-paying overseas students of appropriate quality. A crowded Sydney market, greater price sensitivity of students, high levels of employment, and the perceived inferiority of universities in the Australian Technology Network (ATN) group at graduate level have led to a decline in numbers of applicants for coursework degrees at the Masters level. These current competitive concerns and their drivers are shown in Figure 4.3.

Foremost in the response of UTS to these competitive concerns are four strategic initiatives put in place at commencement of the third phase of this University’s development in 2000. Shown in the dotted-line box in Figure 4.3, these initiatives are concentration (or focus) of the research effort, enhancement of teaching and learning, upgrading of infrastructure and facilities, and expansion of entrepreneurial activity to identify potential new income streams. Addressing current competitive concerns more directly, UTS will strive, above all, to maintain and build
**Figure 4.3 University of Technology, Sydney, Case Summary**

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Competitive Concerns</th>
<th>Strategic Responses</th>
<th>Theoretical Basis</th>
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<tbody>
<tr>
<td>Proliferation of higher education institutions</td>
<td>Maintain and build brand value; protect reputation for quality</td>
<td>Examine product mix and course structures critically; portability of degrees (Bologna); market appeal of offerings</td>
<td>Unclear. No obvious reliance on any specific theories, but strategic responses are in line with models and frameworks that are prominent in the literature, e.g., brand building (Hunt &amp; Morgan, 1995); (Prahalad &amp; Hamel, 1990) core competence.</td>
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<td>Emergence of providers of alternative education</td>
<td>More competitive tertiary education environment generally</td>
<td>Become more market-driven; enhance student services and support</td>
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<td>Gov’t initiatives in support of foreign universities</td>
<td>Increasing difficulty in attracting quality FFPOS</td>
<td>Strengthen marketing effort; better targeting; tighter control</td>
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<tr>
<td>Stronger Aust’n dollar</td>
<td></td>
<td>Examine benefits of joint ATN Graduate School</td>
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<td>More competition from traditional non-traditional rivals in FFPOS markets</td>
<td></td>
<td>Initiate, strengthen alliances, partnerships with other academic institutions, industry and professional bodies to enhance values of industry relevance, practice-orientation, community service</td>
<td></td>
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<tr>
<td>Increasing ability of Asian tertiary institutions to satisfy own markets</td>
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<tr>
<td>Crowded Sydney market</td>
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<td>Greater price sensitivity; high employment</td>
<td>Decline in number of applicants for postgraduate coursework degrees</td>
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<tr>
<td>Perceived inferiority of ATN universities at postgraduate level</td>
<td></td>
<td>On-going focus: - concentrate research; - enhance teaching and learning - upgrade infrastructure and facilities - expand entrepreneurial activity</td>
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brand value and to protect its reputation for quality. An important part of that will involve making a critical examination of all course offerings to assess their appeal. Of special significance in this will be the issue of portability; that is UTS will consider closely the terms of the Bologna Agreement in order to increase market appeal of its courses.

Additionally, recognising the benefits of a market-driven approach, UTS will attempt to bolster its provision of student support and services, while strengthening its marketing efforts with more accurate and precise targeting and tighter control. Understanding the advantages of complementary partnerships, UTS will attempt to forge alliances with other academic institutions, professional and industry bodies and government agencies. Finally, UTS will continue to push the idea of a joint ATN Graduate School.

Contending that responses of UTS to growing competitive pressures are driven by internal values - service to the community, industry relevance, cultural diversity and internationalisation - Byrne disavows use of specific models and/or frameworks to guide strategy development. Nevertheless, strategic responses of UTS are in line with models and frameworks that are prominent in the literature. For example, insistence on the importance of building and maintaining brand value suggests adherence to the assets and resources based view of competition (Hunt & Morgan, 1995); recognition of the importance of concentrating research to maximise quality outcomes suggests an adherence to the notion of core competence as a source of competitive advantage (Prahalad & Hamel, 1990).
Murdoch University

Background

Murdoch University is situated on 227 hectares, 15 kilometres south of Perth, capital city of Western Australia (WA). Subsidiary campuses are located at Rockingham, an industrial centre approximately 45 kilometres to the south, and at Mandurah, a rapidly-growing residential and resort development, a further 25 kilometres south. With a total of 13,503 students – an equivalent full-time student load (EFTSL) of 9,424 - in 2005, Murdoch offers undergraduate and postgraduate programs in Agriculture, Environmental and Related Studies; Creative Arts; Education; Engineering; Health; Information Technology; Management and Commerce; Natural and Physical Sciences; and Society and Culture. A full-time equivalent (FTE) staff load of 1,383 (559 academic, 824 general), gives the University a load/FTE teaching staff ratio (excluding off-shore enrolments) of 18.7. In 2005, Murdoch received a Government operating grant of a little over A$16,500 per student, representing about 58% of its total income (www.murdoch.edu.au/index/visitors/campus_profile, accessed 19 April 2005).

A product of the great growth in education which followed the Murray Report of 1957 and the strong surge in the WA economy resulting from the minerals boom of the 1960s (Bolton, 2000, p.1), Murdoch University enrolled its first students in 1975. Few universities established in that era (e.g., Flinders University in South Australia, Griffith University in Queensland, La Trobe University in Victoria, University of Wollongong, and University of Newcastle in New South Wales) have come into existence with more advantages than Murdoch. The decision of the Federal Government to locate Australia’s fourth veterinary school there provided Murdoch with the stabilising influence of a professional school right from the start (Bolton, 2000, p.1). Additionally, Murdoch was handed management control of WA’s tertiary-level external studies. This responsibility not only enhanced the reputation of
the new university but also made viable programs that could not have been offered without its mature-age, remote-area, and otherwise disadvantaged students (Bolton, 2000, p.1).

Notwithstanding these advantages, Murdoch has struggled to survive. The downturn in the Australian economy that resulted from the Oil Crisis of 1973-4 meant that the new university had to contend with tightening budgets, increased unemployment, and reduced government spending from the outset. Moreover, with five universities in the Perth metropolitan region (excluding Australian Catholic University) – more than in both Brisbane and Adelaide – competition has always been keen. University of Western Australia (UWA) with its wealth and tradition, and West Australian Institute of Technology (WAIT, now Curtin University), with its strong orientation to vocational outcomes, both located close to Murdoch, and both with aggressive marketing arms, have been particularly formidable opponents.

In its short history, Murdoch has been involved in merger discussions on four separate occasions – with UWA in 1978 and again in 1988, with Edith Cowan University (ECU) in 1996, and with Curtin University (CU) in 2005. Government-initiated inquiries and reports have consistently suggested that, in an increasingly market-driven system, Murdoch would be able to compete more aggressively for students, and industry and research funds, in an amalgamated form. Merger discussions have focused on charges that Murdoch has been distinguished only by its mediocrity (Bolton, 2000, p.6), has failed to attract students and funding, has been unable to develop key initiatives, and has experienced difficulty in meeting essential needs (including the payment of staff salary increases).

That Murdoch has survived until now can probably be attributed more to lack of interest of prospective partners than to arguments advanced by those who have opposed mergers that the University has built a fine reputation for good undergraduate teaching and pastoral care (Schwartz, personal communication, 2000). Commentators who are most optimistic about Murdoch’s survival as a stand-alone university point to the continuing reputation of its Division of Veterinary and Biomedical Sciences, and to successful establishment of the State’s second law school, as its more conspicuous achievements in undergraduate teaching. Observers point to the University’s consistently productive research record, and especially to its reputation in minerals and energy research (hydrometallurgy, in particular), and South-East Asian studies. Supporters also see the University as a leader in environmentally-relevant
research, Murdoch having been endowed at its founding with Australia’s first chair in Environmental Studies.

Discussing Murdoch’s prospects in 2000, Deputy Vice-Chancellor Jeff Gawthorne contended that there had been a lack of purpose in managing and developing the University in the past, and conceded that much of its difficulty stemmed from the habit of allowing it simply to drift from year-to-year (personal communication, 15 March 2000). Gawthorne believed that four major initiatives could secure Murdoch’s future: boosting overall market attractiveness, focusing research, increasing and diversifying income, and improving administrative and management practices (personal communication, 15 March 2000). **Boosting overall market attractiveness** meant providing prospective students with solid reasons to make Murdoch their first choice when applying for undergraduate study; this could best be done not by imitating big universities in offering a broad spectrum of programs but by building Murdoch’s reputation for boutique, niche, and specialised courses (Professor Steven Schwartz, former Vice-Chancellor, Murdoch University, personal communication, 15 March 2000). **Focusing research** called for identification of strategic areas of research strength, and heavy investment in them (Dr John Keesing, Director, Research and Development, Murdoch University, personal communication, 15 March 2000). **Increasing and diversifying income** required greater creativity and imagination in making use of current assets of the University, and generating additional income (Mr Kevin Woods (former Pro Vice-Chancellor, Resources Management, personal communication, 15 March 2000). **Improving administrative and management practices** involved looking for ways, in both academic and general sectors of operations, to produce cost efficiencies and better services (Schwartz, personal communication, 15 March 2000).

That the initiatives implemented in 2000 have been at least partially successful was borne out by Professor Gary Martin, Pro Vice-Chancellor (Strategy), Murdoch University, in February 2006. Referring to the most recent merger discussions (with Curtin University in 2005), Martin maintained that there had been a quite different set of issues at that time. In no sense was this merger to be a take-over of a failing institution, as had been suggested in earlier negotiations:

*The merger talks with Curtin were quite different from those that went before them. This time there was no suggestion of an acquisition situation, or no*
feeling that we would simply slot in as the smaller partner ... We were doing much better than Curtin in terms of the number of staff in our research teams, and we had a much better graduate satisfaction rating. Curtin saw this. We even had efficiencies in our courses that Curtin didn’t have, and they were interested in that (Martin, personal communication, 15 February 2006).

What drove discussions forward, according to Martin, was the recognition by both universities that the global higher education sector was becoming increasingly competitive, and that there was a strong desire to explore strategic options in response to that:

In a way, it was really all about competition, making us more competitive. It would have been the biggest university, if not the biggest, in Australia ... It was not simply about cost savings ... There were a lot of synergies between ourselves and Curtin ... When you looked at our complementary programs, for instance, there was the potential to strengthen these in putting the two institutions together. Curtin would have loved to have our Law School, for instance ... and the Business School at Curtin would probably have been more dominant than ours ... Then, pooling areas of research strength here and at Curtin would have made the merged institution more competitive, giving it critical mass in new areas (Martin, personal communication, 15 February 2006).

According to Martin, that this merger did not eventuate was certainly not due to any lack of interest by Curtin University:

There were a number of different things that went against it ... things like the quite different cultures of the two organisations ... There were radical changes that we would have had to make because our programs are quite different ... It might have been years before any benefits really started to accrue ... It wasn’t ever going to be a mere acquisition, a case of one university swallowing the other ... If it had been that, in fact, it it would have been a bit easier ... It was really all about becoming more competitive ... We would have been a massive university, with over half of all students in WA coming to us. We would have had the biggest number of international students, the widest number of networks,
Despite the obvious advantages of such a merger, Martin believes that it is unlikely that negotiations will be re-opened in the foreseeable future. He is confident that Murdoch will be able to respond adequately to whatever challenges, including threats posed by increasing competition, might lie ahead:

*In the end, I think that both universities [Murdoch and Curtin] thought they could do more with what they’ve got now, and still be competitive ... We’ve now had talks of various kinds with University of Western Australia, Edith Cowan University, and Curtin University. I think the good thing is that we have sent out a signal that this is going to be a stand-alone university. I can’t see that that will change unless there is some radical change in our own thinking* (Martin, personal communication, 15 February 2006).

**Question 1:** What are current levels of concern at Murdoch University with rapid intensification of competition in the global higher education sector? What aspects of that competition are of most concern to you?

Martin’s comments (in the section above) on the proposed merger of Murdoch University and Curtin University in 2005 leave little room for doubt that there is a high level of concern at Murdoch with rapid intensification of competition in the global higher education sector. That said, however, Martin believes that all universities in WA are, to some extent, protected from its full effects:

*There is no doubt that there is intensifying competition in the sector – that’s a given. But here in WA we are a bit more sheltered from it at the moment than some of the universities in the Eastern States, where institutions from overseas are already setting up* (Martin, personal communication, 15 February 2006).

Competition in the WA higher education sector at present, Martin contends, is most conspicuous - at undergraduate, graduate, and international levels - between Perth-based universities. At undergraduate level, a recent softening of demand for tertiary places
exacerbated this rivalry; in early 2006, the Tertiary Service Centre (TIS) announced a decline of 8% in student demand, a drop that came on top of a fall of 10% in 2005. While Martin is optimistic that Murdoch will fill its government-funded (DEST) places in 2006, he concedes that this is going to be possible only because the University has lowered its entry-level cut-off scores. Martin maintains, however, that weaker demand for places at Murdoch is attributable to an exuberant job market rather than to effects of direct competition. In support of this contention, Martin argues that applications for direct entry to the University from mature-age students have dropped noticeably in 2005. He believes that this decline is related to the current buoyant job market, which provides a disincentive to those who are already employed to upgrade their qualifications (Martin, personal communication, 15 February 2006).

At the graduate level, Martin maintains, rivalry between Perth-based universities is at its most intense, with all WA universities coming under increasing pressure from interstate rivals, many of which are establishing branch offices and support centres for their on-line offerings. Fortunately, Martin argues, Murdoch University has again been protected from some of this rivalry:

*Murdoch University has never had a strong foothold in this market ... In fact, we’ve probably dropped back a little further because most of our international off-shore programs were phased out a few years ago. The postgraduate market is extremely competitive and Murdoch has never really done well in it* (Martin, personal communication, 15 February 2006).

Nevertheless, there is a keen recognition at Murdoch that the University will have to build its presence in the postgraduate market again. Martin believes that Murdoch is moving in the appropriate direction in this endeavour:

*We’re growing again [in the postgraduate market]. In the last couple of years we’ve reported 20% increases in some postgraduate offerings – but these have been from a very low base. We’re happy that we’re moving in the right direction but trying to compete with UWA and Curtin, particularly, is pretty tough* (Martin, personal communication, 15 February 2006).

At the international level, Murdoch University had also experienced difficulty in competing with its domestic rivals in the past:
Perth is not the destination of first choice for many overseas students. Of course, some students want to come here, but most would prefer to go to Sydney or Melbourne. We acknowledge that, and try to work with what we have rather than to try to change things. But in this sector things are a bit different again. Here, we do have outsiders coming in, not to offer degree courses but to act as feeder colleges (Martin, personal communication, 15 February 2006).

In Martin’s opinion, Murdoch’s lack of a dedicated tertiary-level feeder college has hampered its efforts to attract international fee-paying students to its programs for far too long. Its major rivals in UWA and Curtin have had their own feeder colleges for many years.

Question 2: How is Murdoch University responding strategically to increasing competition in the global higher education sector?

Discussing broad strategies through which Murdoch is attempting to cope with competitive pressures in the domestic undergraduate market currently, Martin emphasised the importance of partnerships in ensuring that the University prospered:

Our approach here at Murdoch has been to work closely as partners with those who could be seen as potential competitors ... to work with, rather than against, other providers. We have very strong links with TAFE colleges, for instance, which sees an enormous flow of students into the University – into First Year, into Second Year and through into Third Year as well ... We have a history of doing that, and that has strengthened in the last couple of years (Martin, personal communication, 15 February 2006).

Referring specifically to alternative providers of higher education and training, such as for-profit institutions offering courses in fields such as hospitality and leisure, safety and security, health and natural therapies, and photography, Martin contends that competition of that kind is not a problem. Maintaining that cooperation rather than competition has been uppermost in the minds of Murdoch people when dealing with such institutions, Martin explained that creating multiple pathways for undergraduate student entry to the University is an on-going priority:
These alternative providers are not providing university qualifications ... And, besides, our approach has been to work with such providers so that if we don’t get the students in the first instance we get them in the second or third ... There are certainly a lot of domestic providers doing various things ... We’ve been very flexible in terms of how we link up with other institutions ... and that will continue (Martin, (personal communication, 15 February 2006).

Martin concedes, however, that with a buoyant job market, and with five universities vying for students in the Perth market, Murdoch has become much more client-focused in recent years than it had previously been. Illustrating this, Martin explained that:

What we did this year was to open all over Christmas. We closed only on Christmas Day and Boxing Day. We had a mobile caravan set up on campus to provide advice and counselling to prospective students ... The other universities were disappointed we had done it ... We had queues of people all during that period (Martin, personal communication, 15 February 2006).

In support of this initiative and others like it, Martin revealed that spending on advertising and promotion at Murdoch was higher now than ever before (personal communication, 15 February 2006). That said, however, Martin argues that:

Murdoch does not spend a lot of money on recruitment at all, or on glossy brochures, or any off that sort of thing. We are much more interested in school visits, and visiting TAFE colleges, where it’s face to face. But you’ll see other universities here spending huge amounts - on print materials mainly – but also on TV and radio advertisements ... Every year, you’ll see ECU and Curtin doing that sort of thing ... We haven’t tended to spend a lot of money on that (Martin, personal communication, 15 February 2006).

At the postgraduate level, Murdoch still has much to do to catch up with its major competitors in the Perth market, UWA and Curtin University, Martin admits:

What we’re looking at is changing our whole approach to postgraduate programs, perhaps outsourcing some of our programs to other providers, and
adopting a different style of postgraduate education for industry practitioners. So, this year you’ll see Murdoch trying to be more competitive in that area (Martin, personal communication, 15 February 2006).

Again, thinks Martin, this will require a much greater emphasis on clients, on trying to meet the needs of students more effectively, by having more innovative courses – which, at the moment we don’t focus on. We have a few of these areas of innovation in mind (personal communication, 15 February 2006).

On the fee-paying international student dimension, Martin is confident that initiatives recently implemented will see the University reaping substantial rewards in the years ahead (personal communication, 15 February 2006). Of central importance among these initiatives was the opening, in early 2006, of Murdoch’s own feeder college, Murdoch Institute of Technology. Located on campus, the new Institute will provide foundation studies for overseas students who had not yet met University entry criteria, and will channel these students directly into Murdoch courses. Prior to establishment of Murdoch Institute of Technology, Martin explained, the University had known that much of its international marketing effort had been wasted. This was because overseas students who did not meet Murdoch’s entry criteria previously had to undertake foundation studies at other institutions, a significant number of which were aligned to rival universities (Martin, personal communication, 15 February 2006).

Allied to this initiative, Martin revealed, was that Murdoch has made arrangements with a select number of private providers to offer its Foundation Year programs in Sydney and Melbourne. A key strategy in this development is that Murdoch programs will be slightly cheaper than corresponding programs offered by University of Sydney and University of Melbourne. Also advantageous is that Murdoch’s programs in Sydney and Melbourne have been established on a trimester model that will allow students to complete their degrees in a shorter time. Providing Martin with additional confidence that that these initiatives will succeed is Murdoch’s reputation for good teaching: We’ve also had here at Murdoch the best reputation for teaching in Australia, based on graduate satisfaction ratings, for ten of the last eleven years – and we’re hoping that will help us (personal communication, 15 February 2006). This reputation, Martin believes, has helped Murdoch in its efforts to attract international students successfully in the past:
Where the overall increase in full-fee paying overseas students was 1% nationally, we’ve had an 8% increase in that area here at Murdoch. That’s very pleasing for a university that didn’t have a feeder college of its own – and is based in Perth! We’ve now got something like 2,500 international students of about 13,000 students in total … It certainly does contribute significantly to the total income – something like $21 million this year (Martin, personal communication, 15 February 2006).

Murdoch’s reputation for excellence in teaching is increasingly being matched by its reputation for quality research, Martin maintains. In its efforts to counter growing competitive pressure in the Perth market for top-calibre researchers, Murdoch has implemented strategies to recruit and retain key staff:

“We’ve put in place various schemes … We’ve introduced succession planning to reduce the likelihood of good people exiting, and we’ve introduced early career development and enhancement schemes. These have been supported centrally so that Divisions and Schools haven’t had to come up with the money. Our research performance has been fantastic, but it can only be fantastic if you have the right people” (Martin, personal communication, 15 February 2006).

Admitting that much of the University’s reputation for research resided in relatively small pockets of specialisation, Martin contends that this was a deliberate strategy at present: The University has an approach in which it determines key areas of research strength, and a lot of the best appointments … have been to those particular areas (personal communication, 15 February 2006).

Question 3: What particular models or frameworks, if any, guide and/or inform the response of Murdoch University to increasing competition in the global higher education sector?

Indicating that there is no specific theoretical framework or model underpinning Murdoch’s thrust to maintain and build its competitive position in the years ahead, Martin suggests that it is probably easier to describe the University’s overall strategy in terms of the kind of university Murdoch is trying to become:
I think that you’ll find that we’ll become more selective in the programs we offer rather than more comprehensive. We’ll be looking to be more market-driven. We’ll be looking to offer programs that are more attractive to the market rather than to be putting on programs for the sake of it. And we’ll be more selective in our research focus, too ... looking for new areas of research strength. But, overall, the model we’ll be using will be one based on partnerships with other organisations, with industry, with professional groups, and so on. We’re already doing that, and that will be our on-going approach. In that way, we will see such groups as those with whom we want to co-operate rather than compete (Martin, personal communication, 15 February 2006).

On the basis of this assertion, Murdoch’s vision for the future, with its themes of selectivity, focus and partnership building, seems to have changed little in the past six years. What has changed, however, is that there is now a new confidence that the vision can be realised. Having re-asserted, in 2005, its preparedness and ability to succeed as a stand-alone university, despite increasing competition, Murdoch looks forward to a future considerably brighter than its past. Underpinning this confidence appears to be the knowledge that Murdoch’s 227 hectares of campus land, much of it already being used to produce new income streams, is capable of being yet further developed:

Our campus land is such an important asset ... We now have three schools on campus ... West Side Energy is also located on campus in a business-type precinct ... a precinct which will link up across the road with a health precinct which will include the Fiona Stanley Hospital. That’s going to be a major health precinct, connected by rail to our campuses at Rockingham and Mandurah. That will also become a major [retail and] commercial precinct as well. We also have St. Ives, which is a retirement village down at the other end of the campus. Yes, we do have a major land asset that we are using to develop income streams ... That is one of the things that is helping us to move forward (Martin, personal communication, 15 February 2006).
Summary

There is a new sense of confidence at Murdoch University, according to Professor Gary Martin, Pro Vice-Chancellor (Strategy). The decision taken mutually by Murdoch University and Curtin University in mid 2005 to abandon merger negotiations – the fourth set of merger discussions in which Murdoch has been involved since its establishment in the early 1970s - has signalled to the world this University’s preparedness and determination to succeed as a stand-alone university, Martin believes. Capitalising on its major advantage – its extensive campus land - Murdoch has been able to create additional new income streams, and to initiate projects that have the potential to secure its financial future. Highly regarded for the quality of its teaching, and consistently recognised for its research outcomes (albeit in relatively small pockets of excellence), Murdoch is in a stronger position now than at any time in the past to compete with its older and bigger rivals in the Perth market.

That said, however, Martin recognises that success in the crowded Perth market - there are more universities in metropolitan Perth than in either Brisbane or Adelaide – is not assured; competitive pressures are still keenly felt. As Figure 4.4 shows, four such pressures are at the top of Martin’s mind at present. The first three of these have led to specific recruitment difficulties: at domestic undergraduate level, at full-fee-paying overseas student level, and at postgraduate level. The fourth – a more general issue – is that of reputation and image; the Murdoch University brand is still regarded by many as inferior to the brands of its major rivals.

At domestic undergraduate level, present recruitment difficulties are due as much to buoyancy in the national job market as to direct actions of competitors, Martin contends. However, competition between universities for students means that, while Murdoch has been able to attract the required number of applicants to its programs, it has had to take students of lower ability in order to do so. At the level of full-fee-paying overseas students, recruitment difficulties have been driven by two factors. The first of these is that, unlike its major rivals, Murdoch has not had a dedicated feeder college; it has had to work very hard to attract students from unaligned colleges to its courses. The second is that many overseas students do not see Perth as an attractive study destination; in this respect, universities in Sydney and Melbourne have a competitive advantage, Martin feels. At postgraduate level, recruitment
## Figure 4.4 Murdoch University Case Summary

<table>
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<th>Drivers</th>
<th>Competitive Concerns</th>
<th>Strategic Responses</th>
<th>Theoretical Basis</th>
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<tr>
<td>Current buoyancy job rate nationally</td>
<td>Difficulties in recruitment at domestic undergraduate level</td>
<td>Build brand; increase market appeal</td>
<td>Unclear. Use of specific models or frameworks to guide competitive strategy denied, but strategic responses consistent with literature, e.g., Porter (1980), focus strategy.</td>
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<tr>
<td>Perth location unfavourable for FFPOS</td>
<td>Difficulties in recruitment of full-fee overseas students</td>
<td>Develop niche strategy in course offerings</td>
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<td>Lack of own feeder college</td>
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<td>Forge alliances with TAFE and other providers to extend pathways</td>
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<tr>
<td>Late market entry; bigger, aggressive rivals; troubled history</td>
<td>Inferior market position at postgraduate level in WA</td>
<td>Enhance student support and service provision</td>
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<td></td>
<td></td>
<td>Boost promotion spend</td>
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<td>Outsource FY program more innovative courses; trimester model</td>
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<td></td>
<td></td>
<td>Open, develop new MIT feeder college</td>
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<td>Re-establish position in postgrad. market</td>
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<td>Selectivity focus in research; quality focus</td>
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<td>On-going focus on:</td>
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<td>- Diversifying income</td>
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<td>- Quality outcomes</td>
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difficulties appear to stem from market perceptions that Murdoch University is inferior to its major rivals, in particular University of Western Australia and Curtin University. Murdoch’s late entry to the market, its troubled history, and its historical disdain of programs that were overtly vocational, have all contributed to these perceptions.

In response to these competitive pressures, Murdoch will continue to give emphasis to a range of initiatives commenced in the late 1990s that are now starting to produce results. These initiatives, shown in the dotted-line box in Figure 4.4, include diversification of income streams, rationalisation of management practices, concentration of research into pockets of excellence, and inculcation of quality regimes into all areas of activity. In addition, the University is endeavouring to build its brand, and thus enhance its market appeal, by developing course offerings in areas of specialisation (niche strategy), upgrading its student services and support systems, and bolstering its marketing and promotion programs. A dedicated feeder college (to be known as Murdoch Institute of Technology) – to be opened on campus in 2006 – will assist the University greatly in its efforts to attract fee-paying international students. Elsewhere in Australia, strong alliances with other educational institutions will be forged in order to extend pathways to Murdoch courses. As part of overall strategy to enhance research outcomes, as well as to re-establish a position in the postgraduate market, Murdoch will attempt to create mutually beneficial partnerships with government agencies, industry bodies, professional associations, and community groups.

While a vision of the kind of university Murdoch is trying to become, rather than particular theoretical models or frameworks, is what is driving Murdoch’s strategy, according to Martin, it is clear that that Murdoch’s present response to competitive pressures is consistent with ideas that are prominent in the literature. In terms of Kotler & Singh (1981), for instance, Murdoch seems to have adopted – for the present, at least - a market nicher approach to competing. That is, cognisant of the market advantages of its bigger and stronger competitors, Murdoch will avoid meeting them in head-on battles, looking instead for small segments of the market in which it can dominate. In Michael Porter’s (1980) terms, Murdoch’s strategy is one of focus differentiation.
Situated on a 78 hectare site in the city of Toowoomba, approximately 150 kilometres west of Brisbane, University of Southern Queensland (USQ) had its origins in 1967 as Darling Downs Institute of Technology. Re-designated Darling Downs College of Advanced Education (DDCAE) in 1970, the college was established as a university in 1990, without amalgamation with another institution, as an outcome of the Dawkins’ reform of the Australian higher education system of 1988. With subsidiary campuses at Wide Bay (established 1998), near Maryborough on the mid-Queensland coast, and at Springfield (established 2006), a fast-growing, residential outer suburb of Brisbane, USQ offers programs in Arts, Business, Commerce, Education, Engineering and Surveying, and Sciences. USQ has a staff of over 1,500 (FTE), of whom 620 (FTE) are academic staff. In 2004, USQ reported total revenues of A$118 million, and total assets of A$150 million. (http://www.usq.edu.au/about, accessed 1 May 2006.)

With an exceptionally high proportion of external students, USQ is seen as being different from the typical university (Professor Jim Taylor, Deputy Vice-Chancellor, USQ, personal communication, 6 April 2000); of a total enrolment of 26,000 students (13,500 EFTSU) in 2004, more than 17,000 (74%) were studying externally. Over 4,000 of these external students (a number surpassed only by WA’s Curtin University) were studying in their own countries. To support these external students, USQ had established over 25 regional offices throughout Eastern Australia, including major offices in Brisbane, Sydney, Melbourne, and Canberra (http://www.usq.edu.au/about, accessed 1 May 2006.).
USQ’s location, and its dedication to rural education, meant that it was well-placed to capitalise on major changes in attitudes to distance education that have taken place in Australia during the last 50 years: its struggle for credibility in the first half of the twentieth century; its growing acceptance in the 1950s when it won support from the Murray Committee (1957) which recognised its ability to meet the needs of certain disadvantaged groups; its setback under the more elitist Martin Committee in the 1960s; its coming of age in the 1970s with a growing concern for Adult Education; its elevation in the 1980s with the development of a range of new educational technologies, and with the emergence of the concept of lifelong learning. According to USQ staff, this strong emphasis on distance education has provided the University with a number of benefits:

It has enabled us to have the fourth largest international program in the country ...It has [also] enabled us to develop a culture that is willing to incorporate innovative ideas and to use new information and communication technologies to enhance on-campus teaching.

In 2000, then Vice-Chancellor Peter Swannell described USQ as a unique single-minded, dual-mode, triple option institution (personal communication, 6 April 2000). By single-minded, Swannell meant that USQ had a clear understanding of what its product and strengths are; by dual-mode, he meant that the University, very consciously, was offering students the choice of on-campus or off-campus modes of learning; by triple-option, he meant that students can elect to receive lecture content in any of three ways – face-to-face delivery in classrooms; through booklets, video and audio cassettes sent by mail; or by means of Internet-based programs. Swannell contended that USQ was wholly committed to this strategy in a deliberate attempt to retain and improve its competitive position:

The leadership of USQ realised that this University couldn’t grow as a traditional, on-campus university, even though it had been set up that way. What we did see, however, was that Distance Education was not only the means of satisfying more local clients but also of broadening the focus of the University. I think that was a most successful strategy for the University ... When the Dawkins revolution occurred we had by that stage reached the critical mass of students to meet the criteria to be a stand-alone institution, and that was
Nevertheless, there was a clear recognition at USQ in 2000 that global communication and learning technologies were changing rapidly, and that the University’s competitive strategy would have to remain flexible: [USQ] intends to remain fast and fluid in meeting the needs of learners throughout Australia and internationally (Taylor, personal communication, 6 April 2000). That USQ was worried about its ability to hold its competitive position, in an environment that was continuing to present challenges, was clear. Of utmost concern in this regard was the University’s inability, to date, to achieve levels of recognition and status that it believed was warranted:

Historically, this University has been less successful in being known, in having an appropriate image in influential circles … I think this University can only survive and be powerful if it behaves in a corporate way. The way universities have developed – a convergence between the public and the private sectors – requires that we cultivate friends directly and indirectly in areas which can help in the delivery of our programs, provide opportunities for training, have people recognise our skills, and all those sort of things (Austin, personal communication, 6 April 2000)

Question 1: What are current levels of concern at USQ with rapid intensification in the global higher education sector? What aspects of that competition are of most concern to you?

Interviewed in March 2006, present Vice-Chancellor Bill Lovegrove confirmed that USQ was very concerned with rapid escalation of competition in the global higher education sector:

There are certainly concerns about competition … If you look, for instance, at competition for reputation … if you look at the Teaching and Learning Fund, and the rankings that are linked to that … and if you look at the situation in regard to international students, there is huge competition there. It’s competition that USQ can’t ignore (Lovegrove, personal communication, 10 March 2006).
Explicating these concerns, Pro Vice-Chancellor (Quality and Planning) William MacGillivray commented:

We’re a regional university, but we’re very close to a large metropolitan area. The three metropolitan universities – University of Queensland (UQ), Queensland University of Technology (QUT), and Griffith University (GriffithU) – make it difficult for us (MacGillivray, personal communication, 9 March 2006).

At the undergraduate level, competition is particularly keen. One important reason for this is that present buoyancy of the national job market means that there are fewer applicants – both school-leavers and mature-age - for tertiary places. While Queensland Universities Admission Centre (QUAC) reported a 3-4% increase in applicants this year, there had been a decrease in applicants of 8% last year (Lovegrove, personal communication, 10 March 2006). Coinciding with this decrease in applications was a decision of the Federal Government to provide additional HECS-funded places to universities in 2000, making it difficult for many of them to fill their Department of Education, Science and Training (DEST) quotas:

I know that Griffith University in Brisbane is struggling, and in other major cities the universities which are not on the top rung are struggling …Central Queensland University (CQU), for example, surrendered 480 places to DEST at the end of last year. That’s the most extreme example I know of (Lovegrove, personal communication, 10 March 2006).

For USQ, this situation presents two further problems. The first is that there is a belief at the University that any drop in overall demand for tertiary education has a greater impact on regional universities than on their metropolitan counterparts:

Most seventeen-, eighteen-, nineteen-year olds would prefer to live in Brisbane … Now that the pool of undergraduates has dried up, there is no surplus number of students that will come to USQ as a last resort … So, we have to go in there and attract students to USQ as a place of preferred education rather than as a place of last resort (MacGillivray, personal communication, 9 March 2006).
The second problem for USQ is that, in order to fill quotas, quality has had to be sacrificed to some extent:

As applicants have dried up, we have had to go more to the bottom of the pool ... Each university has to inform DEST what its minimum admission requirements are ... Last year we held our standards and actually lost load because of it ... We’ve said that it is OP19 this year ... [This means that] we’ve dropped some programs by two or three bands in an attempt to fill quota (MacGillivray, personal communication, 9 March 2006).

Explaining that this decision was a costly one because extra resources would have to be put into supporting students at the lower standard, MacGillivray observed: That costs a university like USQ a lot more, because the University of Queensland, for instance, doesn’t have to worry about things like that (personal communication, 9 March 2006). Associated with this problem is the fact that DEST funding is linked to quotas and that there is only a small degree of tolerance in what is allowable in relation to meeting those quotas: As soon as we are 1% under quota, we start losing money back to DEST ... That is our No. 1 problem at USQ at the moment (Lovegrove, personal communication, 10 March 2006).

While USQ is also conscious of increasing competition in postgraduate markets, levels of concern with rival activity are considerably lower in this area than they are in undergraduate markets: Yes, the postgraduate market is competitive ... Quite a few of the universities have taken a hit in the area of fee-paying postgraduates ... but we’re doing OK (Lovegrove, personal communication, 10 March 2006). That USQ has done well in this market can be attributed to the convenience and quality of the University’s distance education programs, Lovegrove believes: We are clearly in the top 10 universities ... We have already had a nice increase on last year ... We boast a lot about our motto: Your Place, Your Pace, Your Time, but that’s a reality for a lot of people (personal communication, 10 March 2006).

In international markets, USQ believes that it has also done well, but it does not minimise the difficulties that growing competition in this area presents:

USQ has always been a very strong player in international markets ... [but] there are a lot of threats ... We just have to play the game well, and that means finding the right balance between quality product, quality service, and price ...
Unless we do play the game well, we will fade (MacGillivray, personal communication, 9 March 2006).

MacGillivray contends that USQ’s success in international markets has been largely serendipitous rather than strategic (personal communication, 9 March 2006). Commenting on the University’s off-shore activities, and citing examples of mistakes that had been made in matters such as choice of agents, and quality assurance, MacGillivray argues that USQ had failed to capitalise properly on efforts and money that it has spent:

I believe the philosophy of the University up until about two years ago was just to enrol as many students as it could. Everything was based on revenue, not returns. We’ve been making money out of it but not as much as we should have (MacGillivray, personal communication, 9 March 2006).

Referring to USQ’s performance in attracting full-fee paying international students to its on-shore programs, MacGillivray concedes that the University has had certain problems in that regard, and that numbers of international students on its regional campus (less than 10% of on-campus enrolment) have never been high:

Studying in Toowoomba has some benefits for international students ... Students can get extra points towards permanent residency for going to a regional campus. But the down side of it is that most students – especially those from India – have to fund their own education, and they need part-time work for that. It’s much easier to get part-time work in Brisbane or Sydney (MacGillivray, personal communication, 9 March 2006).

Question 2: How is USQ responding strategically to increasing competition in the global higher education sector?

Revealing an important shift in strategy in response to changes in the global higher education sector in recent years, Vice-Chancellor Lovegrove confirmed the centrality to USQ’s efforts to maintain and improve its competitive position of the University’s new campus at Springfield in suburban Brisbane. To be opened in early 2006, Springfield is a deliberate attempt to build USQ’s on-campus numbers:
USQ’s footprint - or our catchment area, if you like – is too small … The Springfield area is now probably Australia’s fastest growing area. That growth is going to be fantastic over the next 20 years. Springfield is the centrepiece of the Queensland Government’s growth strategy for South East Queensland … That’s going to give a much broader catchment area to the University as a whole. We’ll be increasing our exposure and brand awareness in the Springfield area, and because we won’t be offering all our degrees there, that will send more students up this way at well. That’s a really major part of our strategy to compete Sydney (Lovegrove, personal communication, 10 March 2006).

While Lovegrove believes that it is an over-statement to say that USQ has been focused more on distance education than on-campus education since its establishment, he concedes that the ratio of external students to on-campus students has caused problems. According to Lovegrove, the new Springfield campus will provide a bit more balance (personal communication, 10 March 2006). Because USQ’s broad strategic thrust, its Vision, Lovegrove asserts, is to be Australia’s leading transnational educator, the University’s aim is to have both really good campuses and really good off-shore strengths. Thus, the Springfield initiative is a way of broadening the University’s portfolio. USQ is now able to claim that students coming to study at USQ can take their choice of a country experience (Toowoomba), a city experience (Springfield), or a coastal experience (Wide Bay) (personal communication, 10 March 2006). Allied to this strategy is USQ’s recent decision to maintain fees at a level below that of its major rivals in metropolitan Brisbane. When given the opportunity in 2005 to increase its HECS fee by up to 25%, USQ opted for a rise of only 20%. Lovegrove commented: We are trying to position ourselves as the best-value-for-money provider of university education (personal communication, 10 March 2006).

In support of its strategy to bolster on-campus enrolments, USQ has increased its advertising and promotion spending by 75%-100% over the last few years (Lovegrove, personal communication, 10 March 2006). More importantly, the University has established a new Customer Relationship Management Centre to monitor the success of promotional campaigns:
You know what they say about advertising – some of it works and some of it doesn’t. With our new Customer Relationship Management Centre, we have a pretty good system now. We can track the immediate flow-on, so that we can see a burst of advertising and then see a spike in the number of inquiries we’re getting … That’s a major response we’re making to increasing competition (Lovegrove, personal communication, 10 March 2006).

USQ has also implemented new strategies to bolster international programs. Senior members of staff see the recent appointment of a Pro Vice Chancellor (International) as the first step in correcting present deficiencies, and building upon already substantial successes. A key task for the new PVC will be to rationalise present arrangements with partners to make them more productive. At the Faculty level, too, plans have been put in place to allow much tighter goal setting, and closer monitoring of results. The new Springfield campus is expected to add greatly to USQ’s attractiveness as a destination for international students planning to study in Australia (MacGillivray, personal communication, 9 March 2006).

Question 3: What particular models or frameworks, if any, guide and/or inform the response of USQ to increasing competition in the global higher education sector?

A vision of what USQ can become, rather than theoretical frameworks or models, is what is driving strategy development at present, claims Vice-Chancellor Lovegrove. Three elements of that vision are of utmost importance: to be the nation’s leading transnational educator, to win a reputation for quality in all aspects of the University’s endeavour, and to excel in the niche that USQ had carved for itself in since establishment. That particular niche, based in the University’s long experience and expertise in distance education, and its excellent student support systems, has already attracted the interest of overseas institutions that see in USQ huge opportunities for productive partnerships, Lovegrove contended. These partnerships have the potential to create flow-ons in research and teaching that will take the University confidently forward (Lovegrove, personal communication, 10 March 2006).

To those elements identified by Lovegrove, MacGillivray adds research and community as guiding ideas in strategy development at USQ currently:
First and foremost, we are a regional university, and we work with our communities. We are a regional resource. The notion of community engagement, which means large-scale research and development projects that are formed by the community and the University together is what we should really be into (MacGillivray, personal communication, 9 March 2006).

Illustrating this point, MacGillivray offered the example of the Centre for Rural and Remote Area Health, a joint Centre between University of Queensland and USQ, which studies rural health needs:

The Centre runs programs and offers research activities and projects for General Practitioners in isolated regions. It looks at mental health requirements for people on the land. That’s the sort of thing that you’d do from this type of university that you wouldn’t necessarily do from any other. So, it’s along these lines that I see this University going forward (MacGillivray, personal communication, 9 March 2006).

Having said that, however, MacGillivray remarked that he couldn’t altogether rule out the possibility of a merger between USQ and another regional university in Queensland at some time in the next 10 years.

Summary

USQ knows that it is different from other universities in a number of ways. A former College of Advanced Education (CAE), USQ is one of the very few Australian public universities to have been established without amalgamation with another institution. Although it has carved a niche for itself as one of the world’s leading players in Distance Education, USQ’s on-campus enrolment has always been small; in 2005, close to 75% of its 26,000 students (13,500 EFTSU) were enrolled externally. While proud of what it has been able to achieve in its short history, USQ is well aware that rapidly increasing competition poses threats to its existence.

Interviewed in March 2006, Professors William Lovegrove (Vice-Chancellor) and William MacGillivray (Pro Vice Chancellor, Quality and Planning) nominated six areas in which
competitive pressures are currently causing concern at USQ. These areas of concern are listed in Figure 4.5 which shows that the combination of a currently buoyant job market, a regional location, and aggressive competition from rivals is creating student recruitment difficulties for USQ both in domestic and FFPOS markets. Compounding these difficulties is Government higher education policy that has not only made additional student places available at a time of high employment - when many potential university applicants are moving straight into the workforce - but also penalises universities which fail to fill their quotas. USQ’s decision to lower entry standards significantly to fill quotas in 2006 has led to the need for additional expense in providing support for lower-calibre students. This decision has also hampered efforts to rectify an acknowledged weakness in the University’s brand image and reputation.

Of special significance in USQ’s response to these competitive pressures is development of a new campus at Springfield, a fast-growing outer-residential suburb of Brisbane. This new campus, which enrolled its first students in 2006, will change the character of USQ quite markedly, allowing it to compete on more favourable terms with its larger and older rivals in the metropolitan area. Other measures taken to improve USQ’s position in domestic markets include maintenance of an earlier decision to set the Higher Education Contribution Fee at a level below that of major metropolitan rivals, and to upgrade marketing and promotion programs. In order to address difficulties in international markets, USQ has appointed a new Pro Vice Chancellor; considerable attention will be given by this appointee to the strengthening of existing ties and to the forging of new relationships with educational institutions, research organisations and other prospective partners globally. In attempting to add to its brand image and prestige, USQ will attempt to extend its positioning as a leader in the provision of Distance Education in Australia, while simultaneously focusing on quality research outcomes in niche areas which favour regional and community needs and interests.

Principles that underpin strategy development at USQ are unclear. However, although Vice-Chancellor Lovegrove believes that it is a vision of what USQ can become (personal communication, 10 March 2006) rather than particular models that is driving strategy development, strategic responses of this university are consistent with ideas prominent in the literature. While it is likely that development of the new Springfield campus might change this University’s strategic thrust, USQ’s present strategy is clearly that of the classic nicher (Kotler & Singh (1981). In (1980) terms, USQ’s present strategy is clearly one of cost focus.
Figure 4.5 University of Southern Queensland Case Summary

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Competitive Concerns</th>
<th>Strategic Responses</th>
<th>Theoretical Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current buoyancy in national job market</td>
<td>Difficulties in recruitment in domestic undergraduate market</td>
<td>Develop new metropolitan campus at Springfield</td>
<td>Unclear. No obvious reliance on known models but strategic responses consistent with models and frameworks prominent in literature, e.g., Kotler &amp; Singh (1980) market nichers strategy</td>
</tr>
<tr>
<td>Unattractiveness of regional campuses to many students</td>
<td>Decline in student quality; damage to brand and reputation</td>
<td>Set lower HECS fee</td>
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<tr>
<td>Aggressive competition from rivals in metropolitan locations</td>
<td>High cost of support for lower quality students</td>
<td>Enhance student support systems</td>
<td></td>
</tr>
<tr>
<td>Govt. higher ed. policy</td>
<td>Reduced funding if quotas unfilled</td>
<td>Increase promotion spend</td>
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<td>USQ heritage as rural Teachers’ College</td>
<td>Difficulties in attracting FFPOS to regional campuses</td>
<td>Appoint new PVC to oversee international recruitment</td>
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<td></td>
<td>Brand weakness; inability to date to improve brand image, reputation</td>
<td>Promote new Springfield campus in FFPOS markets</td>
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<td></td>
<td></td>
<td>Leverage established success in DE to forge strong alliances globally</td>
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<td></td>
<td></td>
<td>Foster regional and community interests</td>
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<td></td>
<td></td>
<td>Develop quality research outcomes in niche areas</td>
<td></td>
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<td></td>
<td></td>
<td>Extend present positioning as leading DE provider of HE for “quality, convenience”</td>
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Cross Case Analysis

The objectives of this study were twofold to confirm or refute findings of Study 1, and to extend insights into current competitive strategy of universities as an aid to development of a model (in Study 3, Chapter 5) to guide competitive behaviour in the higher education sector. Accordingly, this cross-case analysis: (i) presents and analyses findings of Study 2 in relation to propositions advanced, comparing and contrasting levels of concern of selected universities with rapid intensification of competition, responses of universities to it, and the bases on which responses are made; (ii) offers insights into current competitive behaviour of selected universities; (iii) considers the extent to which findings in relation to propositions advanced (and related insights) are generalisable to Australian public universities as a group and by category; (iv) discusses theoretical and managerial implications of findings and insights; and (v) acknowledges limitations of this study. A brief concluding section provides directions for further research.

Presentation and Analysis of Findings

Proposition 1: Levels of concern of universities with rapid intensification of competition in the global higher education sector are low.

Evidence of interview-based cases presented in this study fail to support Proposition 1. As shown in Figure 4.6, case studies suggest that levels of concern are high at all universities. However, circumstances at each university differ, and these require further explanation.

Dominant in its Brisbane market, University of Queensland (UQ) is in a very strong competitive position domestically. Well-established, and with outstanding facilities and infrastructure, the prestigious UQ still attracts the majority of top school leavers (those in the OP1-OP5 band) to its centrally located St Lucia campus. However, the situation at the University’s regional campuses is markedly different. At Ipswich and Gatton, UQ is struggling competitively, with concerns about unfilled quotas and declining student quality at both campuses. There is little doubt in the minds of UQ’s management hierarchy that increasing competition is a factor in this situation, that the University of Queensland brand – as
powerful as it is in Brisbane – does not extend to regional areas, and that students would prefer to attend another university rather than to travel daily to, or live in, a regional centre (Parker, personal communication, 6 March 2006).

Table 4.3 Levels of Concern and Specific Competitive Concerns

<table>
<thead>
<tr>
<th></th>
<th>UQ (Sandstone)</th>
<th>UNSW (Redbrick)</th>
<th>UTS (Unitech)</th>
<th>Murdoch (Gumtree)</th>
<th>USQ (New)</th>
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<tbody>
<tr>
<td><strong>Level of concern with rapid intensification Of competition</strong></td>
<td>High Dominant player in Queensland market but intensifying competitive pressure at regional campuses at Ipswich and Gatton</td>
<td>High Very strong market position domestically but increasing competitive threats to international ambitions</td>
<td>High Very strong position but increasing competition in crowded Sydney market</td>
<td>High Continual pressure from bigger, well-established rivals</td>
<td>High Regional location; aggressive competition from strong metropolitan rivals</td>
</tr>
</tbody>
</table>

Levels of concern with increasing competition at UNSW are also high. This concern, however, stems not from competitive pressure domestically – after an early struggle to establish itself competitively UNSW quickly earned a reputation as one of the most prestigious, research-intensive universities in the nation – but from UNSW’s ambition to stake a place among leading universities internationally. With a fierce determination not to be left behind in the globalisation of tertiary education, UNSW is conscious of strong moves by international competitors already being made in SE Asia and plans to establish itself as a key player in that region. It also sees the potential to secure its financial position domestically with money that it can earn in Asia.

Levels of concern with intensification of competition are also high at UTS. Although UTS recognises that it has unique advantages – its long heritage as a vocationally-oriented institution with special appeal to a broad section of school-leavers, and its strong industry and
professional body support – this University is well aware of encroachments into its traditional Sydney market by many other Australian universities. While UTS continues to fill its undergraduate quotas with relative ease, it is concerned at declining numbers of applicants for its postgraduate programs, a downturn that may be partially accounted for by current buoyancy in the job market. UTS recognises, however, that there is a perceived weakness in the Australian Technology Network (ATN) universities’ ability to attract top postgraduate students, numbers of whom, having completed undergraduate study at their campuses, prefer to complete postgraduate qualifications at a Sandstone university. UTS is also conscious of increasing difficulties in attracting high quality fee-paying overseas students from its traditional markets, where intensifying competition – from international and domestic universities – is having an effect.

At both Murdoch University and USQ, levels of concern with increasing competition are also high (see Table 4.3). Having already been engaged in merger considerations on four separate occasions in its brief thirty year history (the most recent of these in 2005), and faced with aggressive rivals in a crowded WA market, Murdoch knows that its future success and prosperity – even its long-term viability – are far from assured. While this university has taken significant steps to shore up its financial position and rationalise its research and teaching programs in recent years, Murdoch’s high levels of concern with rapidly intensifying competition appear to be justified. At University of Southern Queensland concern is centred on the weakness of the University’s brand – except in its well-established Distance Education markets - and its perceived lack of an appropriate image in influential circles. Despite the hard work that has gone into shoring up this University’s ability to withstand competitive pressures in recent years, USQ’s regional location has been a barrier to its progress. USQ’s need to take students of an average quality below that of its rivals in order to fill quotas and avoid funding declines is still proving detrimental to its status.

Refutation of Proposition 1, a proposition based on indicative findings of content analysis of published strategic plans of universities undertaken in Study 1 (Chapter 3), seems to confirm conclusions arrived at in the previous study, that matters as sensitive as concerns about increasing competition are deliberately omitted from published versions of such plans either because they are primarily intended to serve public relations and communication purposes, or because universities wish to avoid signalling intended courses of action to rivals.
Proposition 2: Universities are implementing a wide range of strategies in response to rapid intensification of competition in the global higher education sector.

On the evidence of interview-based cases presented in this study, Proposition 2 - based on indicative findings of content analysis conducted in Study 1 (Chapter 3) - is supported. Table 4.4 provides a brief summary of main strategic responses of selected universities to rapidly increasing competition.

At UQ, for instance, prime strategic focus is on benchmarking against world-ranked universities to maintain market position, continuing to strengthen already-strong research alliances to complement existing strengths, and enhancing campus infrastructure and facilities to attract top-calibre staff and students. UQ is paying considerable attention to building brand equity and value to address current concerns about student recruitment and quality at its regional campuses. At UNSW, prime strategic focus is on developing its new campus in Singapore, enhancing the University’s international reputation by attracting and retaining outstanding researchers and teachers, promoting collaboration through high quality facilities and infrastructure, and fostering multi-disciplinary research in strategic areas. At UTS, emphasis is on maintaining and building brand value and protecting reputation, examining product offerings and course structures to enhance market appeal, concentrating research in strategic areas, and initiating and maintaining alliances to enhance relevance and a practice orientation. At Murdoch, priority is being given to brand building to enhance market appeal. In the crowded WA market, Murdoch is conscious of the need to bolster student services and support, to extend recruitment pathways both for domestic and fee-paying overseas students, and to develop a reputation for quality outcomes in niche areas of research and teaching. USQ is concentrating on developing a new metropolitan campus to allow it to compete on more favourable terms with larger universities in SE Queensland, while preserving and extending advantages it already holds in the provision of Distance Education.
### Table 4.4 Strategic Responses to Rapid Intensification of Competition

<table>
<thead>
<tr>
<th>UQ (Sandstone)</th>
<th>UNSW (Redbrick)</th>
<th>UTS (Unitech)</th>
<th>Murdoch (Gumtree)</th>
<th>USQ (New)</th>
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</thead>
<tbody>
<tr>
<td><strong>Strategic responses to rapid intensification of competition</strong></td>
<td></td>
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<tr>
<td>Benchmark against world leading universities</td>
<td>Develop UNSW Asia campus in Singapore</td>
<td>Maintain and build brand value; protect reputation for quality</td>
<td>Build brand to foster market appeal</td>
<td>Develop new metropolitan campus at Springfield</td>
</tr>
<tr>
<td>Develop and strengthen research alliances to complement existing strengths</td>
<td>Enhance international brand, reputation by attracting, retaining outstanding researchers, teachers; promote collaboration through high-quality research facilities</td>
<td>Examine product mix and course structures to enhance market appeal</td>
<td>Develop niche strategy in course offerings</td>
<td>Set lower HECS fee</td>
</tr>
<tr>
<td>Examine existing offerings at regional campuses to boost relevance and appeal</td>
<td>Foster multi-disciplinary research in strategic areas</td>
<td>Strengthen marketing; enhance student services and support</td>
<td>Enhance student services and support</td>
<td>Enhance student services and support</td>
</tr>
<tr>
<td><strong>Build brand equity, value, awareness in regional areas</strong></td>
<td>Establish UNSW Graduate School to enhance student experience; NSW Environment Network to provide regional leadership in managing sustainability</td>
<td>Initiate and maintain alliances with industry, other institutions, professional bodies to enhance industry relevance, practice orientation</td>
<td>Extend recruitment pathways; alliances with TAFE and other providers</td>
<td>Increase promotion spend; promote new Springfield campus in FFPOS markets</td>
</tr>
<tr>
<td><strong>Enhance campus infrastructure and facilities to attract best staff, students, partnerships</strong></td>
<td></td>
<td>Concentrate research in strategic areas</td>
<td>Establish own FFPOS feeder college on campus (Murdoch I.T)</td>
<td>Leverage success in DE markets to forge research alliances</td>
</tr>
<tr>
<td><strong>Build collaborative arrangements with partners, agents in non-traditional FFPOS markets</strong></td>
<td>Upgrade facilities and infrastructure</td>
<td>Concentrate research into strategic niche areas; quality focus</td>
<td>Re-establish position in postgraduate market in WA</td>
<td>Extend brand, positioning as leading DE provider</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Concentrate research into strategic niche areas; quality focus</td>
<td>Develop quality research outcomes in niche areas</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Outsource Foundation Year program in E. States</td>
<td>Foster regional and community research interests</td>
</tr>
</tbody>
</table>
**Proposition 3:** Theoretical underpinning of strategies being implemented by universities in response to rapid intensification of competition in the global education sector is clearly evident.

On the evidence of interview-based cases presented in this study, Proposition 3 - based on indicative findings of content analysis conducted in Study 1 (Chapter 3) - is not supported. Thus, findings of Study 1 in regard to the theoretical underpinning of strategies are refuted. In response to questions about theoretical bases of strategy formulation, none of those interviewed at selected universities made reference to particular models of competitive advantage or to frameworks that are prominent in the literature of strategic management and/or marketing. Table 4.5 provides a brief summary of this situation.

At UQ, Mr Lindsay Parker (Director, Planning) expressed the view that specific models and/or frameworks were of little, if any, use in the current environment. Parker is of the opinion that whatever model might be adopted will not suffice for long because constant adjustment of strategy is required in such rapidly changing circumstances. At UNSW, Professor Robert King, Deputy Vice-Chancellor (Academic) and Professor John Ingleson, Deputy Vice-Chancellor (International and Development) agreed that it is the University’s Vision, Values and Purposes Statements, as expressed in the strategic plan, that drive strategy development. Both averred that, because the key elements of the University’s Vision are research and international, these elements are underpinning the University’s current strategic direction. At UTS, Dr Alex Byrne, Pro Vice-Chancellor and Vice-President (Alumni and Development), contends that this University has adopted a values-driven strategy rather than a framework-driven strategy (personal communication, May 2006). These values include service to the community, industry relevance (or practice orientation), and a fierce desire to maintain the brand value and to protect the reputation of our institution (personal communication, May 2006). These, Byrne thinks, are the drivers of our strategy (personal communication, May 2006). At Murdoch University, Professor Gary Martin, Pro Vice-Chancellor (Strategy), maintained that it was a vision of what this often-troubled University might yet become that was driving strategy formulation at present. Declaring that this University would strive to be more market-driven in the future, and less rather than more comprehensive, Martin stressed the importance of Murdoch’s seeking new areas of research strength and new partnerships with professional groups and others with whom Murdoch wanted to co-operate.
Table 4.5 Models and/or Frameworks Guiding Competitive Strategy Development

<table>
<thead>
<tr>
<th>Theoretical bases (models and/or frameworks) underpinning Strategic responses to rapid intensification of competition</th>
<th>UQ (Sandstone)</th>
<th>UNSW (Redbrick)</th>
<th>UTS (Unitech)</th>
<th>Murdoch (Gumtree)</th>
<th>USQ (New)</th>
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<tr>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
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<td>None</td>
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<tr>
<td>“Complexity of current environment makes use of a single model impossible because circumstances vary so much from campus to campus … Constant adjustment of strategy is required as shifts occur in operating environments.” (Parker, 2006)</td>
<td>“Strategy development at UNSW is driven by the University’s Vision, Purpose and Values Statements.” (King, 2006)</td>
<td>“Our strategy is very much driven by our strategic plan and the priorities established in that. Those priorities come out of the UTS values.” (Byrne, 2006)</td>
<td>“There is no specific model … it is probably easier to describe this University’s overall strategy in terms of the kind of university Murdoch is trying to become … more market driven, more selective, less comprehensive … based on partnerships with those with whom we want to co-operate rather than compete.” (Martin, 2006)</td>
<td>“A vision of what USQ can become rather than theoretical models or frameworks is what is driving strategy at present.” (Lovegrove, 2006)</td>
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</table>

rather than to compete. At USQ, Professor William Lovegrove (Vice-Chancellor) is also of the opinion that it is the vision of what this University might become, rather than specific models or frameworks, that is driving strategy. Three key dimensions, Lovegrove believes, are critical in that vision: transnational educator, quality and niche. By this, Lovegrove means that USQ’s strategic efforts will be focused on consolidating its reputation as a leading player in Distance Education globally, striving to build its reputation for quality in all aspects of its performance, and excelling in the niche that it has carved for itself since establishment. To these three key elements of vision, Professor William MacGillivray, Pro Vice-Chancellor
(Quality and Planning) added research and community. MacGillivray believes that USQ is in a position to do what many other universities will not necessarily be able to do – to engage fully with the local community, providing leadership and resources in research projects that uniquely benefit the community and region.

**Extension of Insights into Current Competitive Behaviour**

On evidence of the case studies, there is considerable commonality in strategies developed by universities in response to increasing competition. Building brand equity and value (highlighted in pink in Table 4.4) is central to strategic thrusts of all selected universities. Enhancement of student services and support (highlighted in pink), consolidation of research into strategic areas (blue), and upgrading of infrastructure and facilities to ensure quality outcomes in both teaching and research (green) are seen as vital strategies by a majority of universities.

However, significant differences in approach to maintaining and improving market position are also apparent in the cases, and these differences extend insights into competitive behaviour of chosen universities. Particularly evident are differences that relate to (i) geographic focus of strategy; (ii) research intensiveness; (iii) comprehensiveness of curriculum; (iv) practical orientation; and (v) importance of campus experience. These differences in strategy are represented diagrammatically in Figure 4.6, where the universities at which interviews were conducted are placed along a continuum representing each dimension.

In terms of geographic focus, UNSW, with its well-advanced plan to open its UNSW Asia campus in Singapore in 2007, has a clearly greater international dimension to its competitive strategy than all other universities in the sample. Thus, UNSW is located furthest to the left on the international focus-regional focus continuum in Figure 4.6. Immediately to the right of UNSW on this continuum is UQ which, while its strategy for maintaining competitive position also has international dimensions - building and maintaining strong research alliances with prestigious overseas institutions, attracting top-calibre research and teaching staff from abroad, and continuing to promote itself as an outstanding destination for high quality foreign
Figure 4.6 Differences in Competitive Strategy as Evidenced by Cases

<table>
<thead>
<tr>
<th>International Focus</th>
<th>Regional Focus</th>
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<tbody>
<tr>
<td>UNSW</td>
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<th>Campus Experience</th>
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<td>UQ</td>
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<tr>
<td>UNSW</td>
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<td>Murdoch</td>
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<td>USQ</td>
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Notes:
1. \(\nearrow\) indicates that the selected universities are situated along a continuum
2. \(\rightarrow\) and \(\leftarrow\) indicate aspirational shifts along continuum
students – has eschewed all thoughts of establishing an off-shore campus to date. On the evidence of the case study, UQ’s strategy is to build and maintain national dominance, to be seen as an outstanding university in a distinctly Australian context rather than in an Asian context. To the right of UQ on this same continuum is UTS which, while it too has international dimensions to its strategy, focuses primarily on domestic markets. A leading member of the Australian Technology Network (ATN) group of universities, UTS strategy has strong attachment to Australian industry and professional bodies, and particularly to those in Sydney and throughout New South Wales. To the right of UTS on this continuum is Murdoch University. Smaller and less well-established than its major WA rivals, Murdoch’s strategic focus is on the Peel region of southern Perth in which it is located, and on major rural areas even further south. Murdoch University is well aware that, until its niche courses are developed to a greater extent, it is unlikely that it can expect to attract quality students from areas to its north where strong competitors have long been dominant. On the far right of the continuum is USQ, located in the regional city of Toowoomba in southern Queensland. Perennially unable to attract an adequate number of high calibre students, USQ has had – until recently, at least – few options other than to focus its strategy on serving regional and community needs in teaching and research, depending largely upon its specialisation in the provision of Distance Education for viability.

However, while the international focus – regional focus continuum in Figure 4.6 represents the current situation, evidence of the cases suggests that this situation may change markedly in the years ahead. The arrows beneath certain universities on this continuum represent aspirational shifts in geographic focus. Thus, UNSW is shown as likely to become even more internationally focused; if its initiative in Singapore is successful, it seems likely that UNSW will wish to develop similar campuses elsewhere in Asia. Absence of arrows beneath UQ and UTS suggests that no aspirational shifts are evident, both universities seemingly content at present to consolidate their influence within their existing geographic scope. Arrows beneath Murdoch and USQ indicate that both universities aspire to become less regionally focused than they are at present. Despite serious difficulties in the past, Murdoch perceives itself as being capable of becoming major player in the global higher education sector; current development of its considerable land assets may enable it to do so. At USQ, moves are already afoot to reduce dependence on its regional location; this university’s scope and influence will be greatly enhanced by the opening of its new Springfield campus in metropolitan Brisbane in 2007.
On the research intensive – teaching only continuum shown in Figure 4.6, UQ and UNSW are on the far left. Well to the right of these two universities is UTS. Further to the right are Murdoch and USQ. The arrows indicate that all universities on this continuum aspire to become even more research intensive than they presently are, albeit in areas of strategic concentration. On the evidence of the case studies, none of these universities will consider a teaching-only option in their strategy formulation in the foreseeable future.

On the comprehensive curriculum – selected curriculum continuum shown in Figure 4.6, UQ and UNSW are again on the far left, although in both cases arrows indicate that an aspirational shift to greater selectivity. Case study evidence suggests that there is a realisation at both universities that resources, financial and physical, will make it impossible for them to extend curriculum choices greatly - except in certain areas of strategic importance - in the future. Slightly to the right of UQ and UNSW is UTS, already with a comprehensive curriculum. Absence of an arrow beneath UTS indicates that the situation at this university in regard to extension or reduction of curriculum choice is unclear. Further to the right are USQ and Murdoch, the former likely to extend curriculum choice with the change to its size and prestige enhanced by the opening of its new campus at Springfield, the latter likely to reduce curriculum choice as it eliminates older, unsuccessful programs and introduces new courses in niche areas.

On the theoretical orientation – practical orientation continuum shown in Figure 4.6, UQ, Murdoch and USQ are grouped together on the far left. To the right of these universities are, first, UNSW and then UTS, both of which – as befits the unique heritage of each – espouse a practical orientation in their Values Statements. Absence of arrows beneath universities on this continuum suggests that this dimension of strategy development is unlikely to change quickly.

On the final continuum shown in Figure 4.6, the campus experience – off-campus experience continuum, UQ is on the far left. A very significant plank in the competitive strategy of this university is that it has the staff, resources, facilities and infrastructure to offer students an outstanding campus experience. It sells itself to prospective staff and students – with ample justification - on the basis that it can offer them a unique experience, one that will bring them into contact with many of the leading scholars in their disciplines, and with students of
exceptional quality, in a setting that is unmatched anywhere in the land. At the far right of the continuum is USQ, a university that has built a strong Distance Education specialty partly by offering students an off-campus study option that is as rewarding as an on-campus experience - and often more convenient. Between these extremes are, from the right, UNSW, UTS and Murdoch respectively. While all can offer a rewarding on-campus experience, none can presently match that offered by UQ. The arrows indicate that all – even USQ with its new Springfield campus - now aspire to do so. It seems likely that all will give strategic attention in years ahead to campus beautification, enhancement of facilities and infrastructure, and staff and student comfort.

**Generalisability of Findings**

To a major extent, theoretical and practical implications of these findings depend upon their generalisability to Australian public universities as a whole. Stake (1994, p.236) believed that *no attempt should be made to generalise beyond the single case, or even to build theories*. He acknowledged, however, that *many qualitative researchers resist this idea* (p.236). Yin (1984), Kvale (1996) and Mason (2002), among others, have commented on problems associated with generalising from specific cases. Noting that a *common critique of interview studies is that the findings are not generalizable because there are too few subjects*, Kvale (1996, p.102) believed that *a paradoxical answer, from the history of psychology, is that if the aim of the study is to obtain general knowledge, then focus on a few intensive case studies is appropriate.*

Yin (1984) addressed this problem in the following way:

> A common concern about case studies is that they provide very little basis for scientific generalization. “How can you generalize from a single case?” is a frequently asked question: The answer is not a simple one ... However, consider for a moment that the same question can be asked about an experiment: “How can you generalize from a single experiment?” In fact, scientific facts are rarely based on single experiments; they are usually based on a multiple set of experiments, which have replicated the same phenomenon under different conditions ... (Yin, 1984, p.21).
Yin (1984, 1989) contended that the answer to the question “How can you generalise from a single case?” is that case studies, like experiments, are generalisable to theoretical propositions, but not to populations or universes. Thus, he concluded:

*In this sense, the case study, like the experiment, does not represent a “sample”, and the investigator’s goal is to expand and generalize theories (analytical generalization) and not to enumerate frequencies (statistical generalization)* (Yin, 1984, p.21).

Kvale (1996) supported Yin’s view, explaining 3 quite distinct forms of generalisation – naturalistic generalisation, statistical generalisation, and analytical generalisation:

*Naturalistic generalizability rests on personal experience. It develops from the person as a function of experience; it derives from tacit knowledge of how things are, and leads to expectations rather than formal predictions ...Statistical generalization is formal and explicit. It is based on subjects chosen at random from a population ... and the use of inferential statistics ... Analytical generalization involves a reasoned judgement about the extent to which the findings of one study can be used as a guide to what might occur in another situation. It is based on the similarities and differences of the two situations* (p.232).

Mason (2002, p.195) added weight to the arguments advanced by Yin (1984) and Kvale (1996) explaining that generalization is sometimes thought about in two distinct ways: empirical generalization and theoretical generalization. Empirical generalisation, Mason (2002) asserted, is statistical generalisation: one is able to make generalisations on the basis that the sample in the study population is statistically representative of the wider population. According to Mason (2002) theoretical generalisation, on the other hand, encompasses a range of strategies:

*From the weakest to the strongest ...(i) Your analysis is not based on a representative sample but there is no reason to assume that the sample is atypical; (ii) Your generalization is based on the idea that you can use your detailed and holistic explanation of one setting or set of processes to frame
relevant questions about others ... Your ability to go further and to draw conclusions will depend on the extent of similarities and differences, or on the key dimensions as you have defined them, to the first setting; (iii) You can make claims for generalizability based on the rigour of analysis ... by thinking hard about what dimensions can be compared with what; (iv) The strongest version ... involves showing why and how things work in a strategically selected range of contexts (p.195).

For these reasons, Mason (2002) contended, theoretical generalisation is often seen as more productive (p.195) than empirical generalisation.

Thus, on the bases of theoretical, naturalistic and analytical generalisation – that is, non-statistical generalisation – justifiable conclusions about the competitive behaviour of Australian public universities as a group may be drawn. While extensive differences between universities in each of the categories – Sandstones, Redbricks, Unitechs, Gumtrees and New (Marginson & Considine, 2000) - exist, similarities abound. Similarities, differences and key dimensions used in this study to make comparisons between universities give rise to two significant theoretical and practical implications. These implications are discussed in the following section.

**Implications**

A clear implication of refutation of Proposition 1 of this study, that levels of concern with rapid intensification of competition in the global higher education sector are low, is that universities need to re-examine the role, purpose and practice of strategic planning in the higher education context. Evidence in case studies of high levels of concern with increasing competition makes absence of any mention of competition in strategic plans of many universities – as revealed in content analysis of these plans in Study 1– even more surprising. As noted earlier, Anderson et al. (1999) reported an apparent disregard by many Australian universities of the advantages that close attention to strategic planning offers. Conway, Mackay and Yorke (1994, p.30) referred to work of Shirley (1983) who advised that universities should include six strategic variables in their strategic plan: basic mission; target groups of clientele to be served; goals and objectives that must be achieved to fulfil the
mission and serve the needs of clients; programs and services to be offered; geographical area
to be serviced; and, most significantly in relation to this study, *comparative advantage sought*
*by the institution over competitors engaged in similar operations* (p.30). While the first five
of Shirley's (1983) strategic variables receive some attention in most published strategic
plans, there is little, if any, evidence in case studies of the sixth key variable, a clear
articulation of the nature of comparative advantage sought by universities over rivals engaged
in similar activities, or of the means to achieve it. While some reasons for this apparent
neglect were suggested earlier, re-assessment of the nature of strategic planning in the context
of universities, and of its value to them, is still required.

Refutation of Proposition 3, that *theoretical underpinning of strategies being implemented by*
*universities in response to rapid intensification of competition in the global education sector*
*is clearly evident*, supports the contention that re-examination of the nature and purpose of
strategic planning in universities is still required. In particular, this finding calls into question
the knowledge and understanding of strategic planners in universities in regard to competitive
strategy development. Hoffman (2000) summarised contributions to development of the
concept of sustainable competitive advantage, referring particularly to the work of Alderson
and Wensley (1988), Dierickx and Cool (1989), Hamel and Prahalad (1989), Prahalad and
Hamel (1990), Barney (1991), Conner (1991), Peteraf (1993), Bharadwaj, Varadarajan and
Fahy (1993), Day and Nedungadi (1994), Hunt and Morgan (1995), Oliver (1997), and
Srivastava et al. (1998). Going further, Hoffman (2000) explained the way in which
understanding of the concept of sustainable competitive advantage had been enhanced by
Kohli and Jaworski (1990), Narver and Slater (1990), Ghosal and Kim (1986), and
Vradartajan and Jayachandran (1999), among others, who linked the concept of sustainable
competitive advantage to that of market orientation, by Woodruff (1997), and Slater (1997),
who linked the concept of sustainable competitive advantage to that of customer value, by
Morgan and Hunt (1996), who linked the concept of sustainable competitive advantage to that of
relationship marketing, and by Webster (1992), Iacobucci and Hopkins (1992), and
Anderson et al. (1994), who linked the concept of sustainable competitive advantage to that of
business networks. Nor are these the only sources on whom strategic planners in universities
might draw for support in competitive strategy development. Hardy et al. (1988), Abgren-
Lange and Kogan (1992), Beck et al (1996), Blustain et al. (1999), Katz (1999b), Marginson
and Considine (2000), among others, have made contributions to the literature of planning
and strategy development in institutions of higher learning. In light of this rich body of literature, it is surprising that universities, on evidence of the cases, appear to have discounted the value of these contributions, and to be underpinning strategy development solely on the basis of their statements of Mission, Purpose and Values.

A second clear implication of this study is that universities might need a much better understanding of the concept of sustainable competitive advantage than at present if the Federal Government, with power to control destinies of universities by virtue of their funding role, decides to push ahead more vigorously with plans to diversify the Australian higher education system. In *Building Greater Diversity*, an Issues Paper released in March 2005, Hon. Brendan Nelson, then Minister for Education, Science and Training, expressed the view that *Australia’s future global competitiveness may depend on greater diversity in the types and nomenclature of institutions which constitute our higher education system* (p.1).

Referring to the present situation as a *one size fits all* model, the Minister announced the Government’s desire to encourage a wider diversity of institutional types in order to promote growth, to give students greater choice, and to allow for flexible entry points for private institutions seeking to deliver higher education (p.1). Noting that it was *neither necessary nor desirable for all universities to be the same*, Minister Nelson suggested that universities should be *defined more by function and quality and less by form and structure* (p.i). Arguing that Australia’s higher education system was considerable less diverse than those of many comparable nations, Nelson contended, for instance, that it *was worth debating the [current] requirement for all universities to undertake research as well as teaching* (p.1).

Replacing Nelson as Federal Minister for Education, Science and Training in early 2006, the Hon. Julie Bishop referred in to Australian public universities as *monochrome* in nature (2006, p.4). Speaking at Curtin Institute Public Policy Forum in July 2006, Minister Bishop declared that she, too, wanted to see *development of a diversified higher sector made up of universities which differ from each other in terms of mission, discipline mix, course offerings, modes of delivery, management, and academic structure* (p.1). Bishop exemplified this desire for greater diversity with reference to overseas establishments, including an elite institution in Switzerland devoted solely to teaching and research in engineering and science, an aeronautical institution in France, a London-based University of Arts, and a women-only liberal arts college in the United States. While observing that some universities are already
taking steps towards greater diversity – University of Melbourne with the introduction of
generalist undergraduate courses followed by graduate professional courses, James Cook
University with its specialisations in marine and tropical sciences, Curtin University with its
emphasis on minerals and resources, ANU with its focus on research and postgraduate training
– Bishop averred that much more was still to be done. As Nelson had done, Bishop saw merit
in development of teaching-only universities within the current system, maintaining that the
sector must stop trying to be all things to all students (p.3). Forms of diversity of the kinds
cited, Bishop argued, are essential to the sector’s pursuit of excellence and vital to each
institution’s domestic and international competitiveness (p.2). As result of the relentless
pursuit of sameness, Bishop concluded, Australian universities were missing some of the great
heights of [their] international competitors (p.4).

Limitations

Three limitations of this study are particularly significant. First, reservations of interviewees
at selected universities about divulging sensitive information about competitive strategies
impose limits on reliability of case material gathered. Second, focus of this study has been
dimensions of the quest of universities for competitive advantage raised by content analysis of
strategic plans (in Study 1) and case study evidence (in Study 2), but other, undisclosed
dimensions of competitive strategy may have received less attention, or have been
overlooked. Third, anomalies in classification of universities, that of Marginson and
Considine (2000), used in this thesis create difficulties in generalisation of findings. These
limitations are discussed in this section.

Reservations of interviewees about divulging sensitive information about their concern with,
or responses to, increasing competition is understandable. While there is no reason to believe
that interviewees in this study withheld such information, it is possible – even likely - that
they did. In turbulent environments, all business enterprises, including institutions of higher
learning, need to guard their secrets closely; the literature of competitive advantage (e.g.,
Kotler & Singh, 1980) suggests that signalling competitive moves to rivals may provoke pre-
emptive strikes or lead to action of a retaliatory kind. Hence, one limitation of this study is
that the precise nature of strategic intentions of individual universities might not have been
revealed – or even known - by some interviewees. As noted earlier in this thesis (Chapter 3),
Anderson et al. (1999) observed that a university’s most sensitive information may never be committed to paper; it may be carried in the head of a Vice-Chancellor and revealed to members of staff on a need-to-know basis only.

A second limitation of this study is that it has focused on dimensions of competitive strategy that were either raised by interviewees or brought to light by content analysis of strategic plans. Thus, some important dimensions may not have been given the attention they deserve. For instance, while quality enhancement, especially in relation to research and teaching, is of vital importance to all universities, that issue may not received the attention that time and energy devoted to it in universities in the last decade would seem to warrant. The same can said about the issue of workplace relations. In a media release of 1 March 2006, Minister Bishop contended that universities across Australia have taken a step towards becoming more competitive, nationally and internationally, by meeting the Higher Education Workplace Relations Requirements (HEWRRS) (www.dest.gov.au/ministers/media/bishop, accessed 27 July 2006). Bishop argued that in meeting these HEWRRS requirements, and by providing greater flexibility and individual choice in their workplaces, universities were now able to reward and retain their best performing staff and, hence, compete more effectively.

Anomalies in classification of universities used in this study - that of Marginson & Considine (2000) - impose a third limitation. While this categorisation of universities is a useful one in many respects, it creates difficulties in generalisation of findings. For example, while homogeneity of a kind is recognisable among the Sandstones, Unitechs and Gumtrees, there are far fewer similarities among universities in the Redbricks category; Australian National University, while it shares its time of establishment with UNSW and Monash, has few similarities with either in regard to mission and purpose. Similarly, there is marked disparity among universities in the New category. For instance, Swinburne University, with its technology heritage, its vocational orientation, and its metropolitan location has little in common with University of the Sunshine Coast with its regional location and community focus. In the same way, it seems likely that competitive strategy development at University of Western Sydney will differ markedly from that at University of Ballarat, that issues that will influence the ability of University of Canberra to maintain its market position will be quite dissimilar from those at Australian Catholic University.
Directions for Further Research

These limitations provide two obvious directions for further research. First, refutation of two of three propositions advanced in this study, all of which were based on findings of content analysis of strategic plans, suggests that further examination of the role, purpose and practice of strategic planning in institutions of higher learning would be useful. Such research could attempt to assess the value that universities place on strategic planning, explaining why, despite Government insistence that universities produce them, strategic plans of many universities still seem to be inadequate. This investigation might also attempt to confirm whether, as Anderson et al. (1999) suggested, elaborate strategic plans exist, and that published versions of them are commonly truncated versions. An important part of this research might be to discover whether, in the light of findings of this study, any significant change has occurred in recent years in regard to the articulation of the comparative advantage universities are seeking over competitors, and of their plans to achieve it.

A second, and important, area for future research might be to track the changes in strategic direction that universities take as they attempt to accommodate Government wishes to develop a more diversified higher education sector. Paramount in such research would be an examination of effects of introduction of revised protocols governing the higher education sector. Pending introduction of appropriate Federal and State legislation, implementation of these protocols, which are designed to ensure consistent criteria across Australia in such matters as the recognition of universities, the operation of overseas universities in Australia, and the accreditation of higher education courses to be offered by non self-accrediting providers (www.dest.gov.au/sectors/higher_education/policy_issues_reviews/, accessed 20 December 2006), will begin on 31 December 2007. As implementation of these new protocols will alter the higher education landscape radically by allowing new providers, domestic and foreign, to gain entry to the sector, universities will need to have a well-developed understanding of dimensions of strategy that lead to competitive advantage.

Conclusion

In pursuit of its objectives – to confirm or refute findings of content analysis undertaken in Study 1 and to extend insights into competitive behaviour of universities through interview-
based case studies – this study has identified a number of dimensions of competitive strategy that universities might consider in articulating the comparative advantage they seek over competitors. In particular, this investigation points to the need for universities to have made clear decisions about geographic scope of operations, allocation of resources between research and teaching, comprehensiveness of programs offered, degree to which courses are influenced by practical and vocational considerations, and extent to which recruitment and student outcomes are affected by campus experience. In Study 3 (Chapter 5), these dimensions, combined with key elements of strategy indicated by content analysis, will be used in development of a model to guide strategy formulation in the higher education sector.
Chapter 5

Study 3

Conceptual Framework to Guide Strategy Development

Chapter Overview

The objective of Study 3 is to develop a framework, based on findings of Studies 1 and 2 that will provide assistance to Australian public universities as they respond to rapidly increasing competition in the global higher education sector. Findings of Study 1 (content analysis of published versions of strategic plans) and Study 2 (interview-based case studies) lead to identification of six key dimensions of strategy for universities in their response to increasing competition. These key dimensions of strategy, together with variables that might moderate their successful implementation, are integrated into an extant conceptual model of competitive advantage leading to development of a unique framework to assist decision-making as universities attempt to maintain and improve market positions in challenging environments. This chapter concludes with discussion of implications of this framework for theory and practice, limitations of this study, and directions for further research.

Introduction

This study aims to develop a conceptual framework to guide competitive strategy development by universities at a time of rapid intensification of competition in the global higher education sector. Development of this framework draws upon findings of Studies 1 and 2 (Chapters 3 and 4, respectively). These findings indicate that current levels of concern of universities with increasing competition are high. However, while findings reveal that universities are implementing a range of strategies in response to competitive threats, the bases upon which responses are made appear vague and unsatisfactory.

In developing this framework, prominent concepts in strategic plans (Study 1) and insights obtained from interview-based case studies (Study 2) are combined to identify six key dimensions of strategy: students, research, staff, programs, management, and relationships.
These dimensions are integrated into an extant conceptual model of competitive advantage, together with moderating and intervening variables on which their successful implementation depend, to produce a unique framework that may assist university managers in strategy development in the current environment.

Method

Key Dimensions of University Strategy

Study 1 identified the 30 most prominent concepts in published strategic plans of universities, in descending order as: (1) students; (2) research; (3) staff; (4) community; (5) universities; (6) education; (7) teaching; (8) learning; (9) strategic; (10) programs; (11) quality; (12) support; (13) planning; (14) resources; (15) performance; (16) environment; (17) management; (18) services; (19) knowledge; (20) funding; (21) outcomes; (22) competition; (23) commitment; (24) training; (25) growth; (26) information; (27) graduates; (28) region; (29) world; and (30) business (see Table 3.10, Chapter 3).

Case study evidence (in Study 2) suggests that there is close affinity between a number of these concepts. For example, students, education, teaching, learning, training, and graduates are closely related, as are management, strategic, planning, resources, funding, and growth. Thus, the original 30 concepts were grouped to form to six broad areas, each representing a key dimension of strategy: students, research, staff, programs, management, and relationships. (While relationships was not among top-ranked concepts in strategic plans, prominence of community, universities, region, world, and business suggests appropriateness of its use in this context.) Table 5.1 shows these six key dimensions, listing concepts grouped under each dimension. Additional case study evidence suggested that certain other concepts that are prominent in strategic plans (e.g., quality, support, funding, performance, and outcomes) are commonly used in reference to more than one strategic initiative. For this reason, concepts of this kind appear more than once in Table 5.1.

Study 2 extended insights offered by prominence of concepts in strategic plans, indicating that the following issues are also of high significance in strategic decision making of universities:
### Table 5.1 Key Dimensions of Strategy for Universities

<table>
<thead>
<tr>
<th>Key Dimensions of Strategy</th>
<th>Ranked Concepts (Study 1)</th>
<th>Extended Insights (Study 2)</th>
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<tbody>
<tr>
<td>Students</td>
<td>Students (1); education (6); teaching (7); learning (8); quality (11); support (12); services (18); performance (15); outcomes (21); graduates (27)</td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>Research (2); strategic (9); quality (11); support (12); performance (15); funding (20); outcomes (21)</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>Staff (3); quality (11); support (12); performance (15)</td>
<td></td>
</tr>
<tr>
<td>Programs</td>
<td>Students (1); education (6); teaching (7); programs (10); quality (11); support (12); performance (15); outcomes (21); graduates (27)</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>Management (17); strategic (9); quality (11); planning (13); resources (14); performance (15); funding (20); outcomes (21); competition (22); growth (25); commitment (23); information (26)</td>
<td>Geographic scope of operations; research intensity; comprehensiveness of curriculum; vocational orientation; value of on-campus experience</td>
</tr>
<tr>
<td>Relationships</td>
<td>Community (4); universities (5); environment (16); outcomes (21); commitment (23); region (28); graduates (27); world (29); business (30)</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Numerals refer to ranking of concepts in order of prominence in strategic plans (See Table 3.10, Chapter 3). Case study evidence suggests that some concepts (e.g., quality, funding, support, outcomes) are used in reference to more than one key dimension of strategy.
(1) geographic scope of operations; (2) research intensity; (3) comprehensiveness of curriculum; (4) orientation towards vocational education; and, (5) value of on-campus experience. (These issues were explained and discussed in Study 2, Chapter 4). Again, Table 5.1 shows these issues, listing them under the key strategic dimension of management.

Although it appears, at first sight, that some of these issues might well be subsumed under other strategic dimensions (e.g., research intensity under the dimension of research, and comprehensiveness of curriculum under the dimension of programs), these are over-arching issues that require decision-making at the highest level within universities; they relate to mission, purpose, values and objectives of universities. As such, these issues are more appropriately listed as management issues.

Key dimensions of strategy were then further expanded, by extrapolation of case study material, to identify elements of university operations to which these dimensions relate. These extrapolations are shown in Table 5.2. This table shows that concepts pertaining to the key dimension of Students – education, teaching, learning, quality; support, services, performance, outcomes, and graduates – have been expanded to operational elements comprising recruitment at undergraduate and graduate level; provision and maintenance of support and services; enhancement of teaching and learning quality; and assessment of performance and outcomes.

In the same way, concepts that pertain to key dimension of Research have been expanded to include operational elements comprising: allocation of research funding, competitive grants, sponsorship; maintenance of research quality, performance and outcomes; enhancement of facilities and infrastructure; concentration of resources into areas of strength; identification of niche areas of research; and development of research alliances and partnerships. Staff has been expanded to include recruitment and retention; quality; appraisal of performance; incentives; succession planning; and maintenance of workplace relations. Programs has been expanded to include development of program and course content, structure, duration, and relevance; and measurement and control of performance and outcomes. Management has been expanded to include coordination and control; mission, values and purpose; strategic planning; competitor analysis and response; geographical scope of operations; funding; enhancement of facilities and infrastructure; allocation of resources; monitoring and appraisal of performance; research intensity, quality and outcomes; curriculum
**Table 5.2 Key Dimensions of Strategy and Corresponding Operational Elements**

<table>
<thead>
<tr>
<th>Key Dimensions of Strategy</th>
<th>Operational Elements&lt;sup&gt;a&lt;/sup&gt;</th>
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<tbody>
<tr>
<td><strong>Students</strong></td>
<td>Recruitment at undergraduate and graduate level; provision and maintenance of support and services; enhancement of teaching and learning quality; assessment of performance and outcomes</td>
</tr>
<tr>
<td><strong>Research</strong></td>
<td>Allocation of research funding, competitive grants, sponsorship; maintenance of research quality, performance and outcomes; enhancement of facilities and infrastructure; concentration of resources into areas of strength; identification of niche areas of research; development of research alliances and partnerships</td>
</tr>
<tr>
<td><strong>Staff</strong></td>
<td>Recruitment and retention; quality; appraisal of performance; incentives; succession planning; maintenance of workplace relations; Occupational health and safety issues</td>
</tr>
<tr>
<td><strong>Programs</strong></td>
<td>Development of program and course content, structure, duration, and relevance; measurement and control of performance and outcomes</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td>Coordination and control; mission, values and purpose; strategic planning, incl. competitor analysis and response; geographical scope of operations; funding; enhancement of facilities and infrastructure; allocation of resources; monitoring and appraisal of performance; research intensity, quality and outcomes; curriculum comprehensiveness and orientation; teaching and learning quality, performance and outcomes; value of on-campus experience; brand equity, image and reputation</td>
</tr>
<tr>
<td><strong>Relationships</strong></td>
<td>Community relations; regional enhancement and relevance; relations with Federal and State governments; partnerships and alliances with other institutions, industry, business and professional groups; alumni relations; place in, and relevance to, world</td>
</tr>
</tbody>
</table>

<sup>a</sup>These operational elements, extrapolated from findings of Studies 1 and 2, are intended to be illustrative rather than comprehensive. Some elements pertain to more than one key strategy dimension.
comprehensiveness and orientation; teaching and learning quality, performance and outcomes; value of on-campus experience; and brand equity, image and reputation. Relationships has been expanded to include community relations; regional enhancement and relevance; relations with Federal and State governments; partnerships and alliances with other institutions, industry, business and professional groups; alumni relations; and place in, and relevance to, world.

In some instances, elements that seem to relate to one key strategy dimension find more appropriate expression in another. Thus, certain elements are listed under more than one key dimension. In all key dimensions operational elements are intended to be illustrative rather than comprehensive.

These six key dimensions of strategy and their operational elements are then integrated into an extant model of competitive advantage to create a unique framework to guide development of strategy in universities in current competitive environments. The following section traces origins of this model, explaining its components, and justifying its use in this context.

**Explanation and Justification of Model of Competitive Advantage**

Figure 5.1 shows this extant model. This model suggests that organisations that are able to consolidate assets and resources, and capabilities into distinctive competencies achieve sustainable competitive advantage. Developing strategies based either on differentiation or cost, these organisations outperform industry rivals through creation of value for stakeholders. In its proposition that competitive advantage stems from organisational assets, resources and capabilities - internal capacities - this conceptual model adheres to the resource-based view (RBV) of competition. A fundamental premise of RBV theory is that the basis of competitive advantage is the application of bundles of valuable resources that organisations have at their disposal (Wernerfelt, 1984; Rumelt, 1984). While RBV theory can be seen to have had its origins in Coase, (1937), Selznick (1957), Penrose (1959), Stigler (1961), Chandler (1962, 1977), and Williamson (1975), all of whom stressed importance of resources in organisational performance, contributions by Wernerfelt (1984), resource bundling; Rumelt (1984), organisational success and resource implications; Barney (1986), characteristics of valuable
Figure 5.1 Model of Competitive Advantage

Note: Model based on contributions of researchers to literature on competitive advantage and strategic management as reported in this chapter (see, especially, Wernerfelt, 1984; Rumelt, 1984; Barney, 1986; Day & Wensley, 1988; Grant, 1991; Hunt & Morgan, 1995; Prahalad & Hamel (1990).
resources; Day and Wensley (1988), assessing advantage; Dierickx and Cool (1989), value of rarity, and inimitability and non-substitutability of resources, among others, brought this view to prominence, and provided groundwork for its further development.

As noted previously, Conner (1991), comparison of alternative bases for strategy development; Prahalad and Hamel (1990) (consolidation of assets, resources and capabilities into core competences); Grant (1991), importance of sustainability of resources; Aaker (1991), managing resources and skills; Roos and von Krogh (1992), identification of competences; Bharadwaj et al. (1993), resources and capabilities unique to service industries; Peteraf (1993), value of causal ambiguity in making resource advantage less imitable; Day (1994), capabilities of market-driven organisations; Collis (1994), value of capabilities; Hunt and Morgan (1995), RBV dynamics and evolutionary dimensions; Mata et al. (1995), value of information technology as resource; Gallon et al. (1995), sustaining core competencies; Conner and Prahalad (1996), positioning RBV theory in strategy research; Oliver (1997), combining RBV theory and institutional theory for competitive advantage; Teece et al. (1997), dynamic capabilities; Srivastava et al. (1998, 1999, 2001), RBV theory, marketing and creation of shareholder value, and Fahy (2000), eradicating ambiguity in RBV theory, among others, have introduced RBV theory to wider audiences in recent decades.

In its inside-out view of competitive strategy formulation, RBV theory stands opposed to the outside-in view of Caves (1964); Caves and Porter (1978); Dess and Rasheed (1995); Hall (1972); Harrigan (1983); Porter (1979a, 1979b, 1980, 1985), and others, who contend that industry structure and relative market positions of organisations are logical starting points for competitive strategy development. Porter (1979, 1980), for example, urged organisations to assess five significant industry forces – bargaining power of suppliers, barriers to entry, intensity of industry rivalry, availability of substitutes, and bargaining power of buyers – and to formulate strategies designed to reduce their negative impacts. While this industry structure based view enhances understanding and continues to provide insights into strategy development, RBV theory is currently dominant in research (see, for example, Boxall, 2003; Brown and Blackmon, 2005; Connor, 2002; McAlexander et al., 2005; Miller, 2003; Real et al., 2006; SubbaNarasimha, 2001; Wilcox-King & Zeithaml, 2001; Wilcox-King et al., 2003; Van de Ven, 2004).
RBV theory also attracts criticism. Priem and Butler (2001) argued that RBV fails to consider that competitive advantage is lost when different resources are able to provide similar value for organisations. These authors contended that RBV under-utilises product-market considerations in strategy decision-making, and lacks prescriptive implications. Hoopes et al. (2003) pointed to confusion in the RBV’s basic premise, that rarity, valuableness, imperfect inimitability, and non-substitutability were necessary characteristics of resources that generate competitive advantage. Rarity, these commentators argued, gave resources value and, therefore, to claim that both rarity and valuableness were essential characteristics was tautological and self-verifying.

Notwithstanding these criticisms, use of the RBV model shown in Figure 5.1 is justified in this study. Adopting many forms of governance and business practices common in private sector corporations today (Coaldrake & Stillman, 1997; Katz et al., 1999a; Malony, 2000; Marginson & Considine, 2000), universities must also look to private sector models of competitive behaviour – albeit with appropriate adaptation - if they are to succeed in increasingly challenging environments.

**Linking Assets and Resources, and Capabilities**

This section defines and explains assets, resources, and capabilities, and relationships that exist between them. Assets and resources can be physical, financial, human, technological, organisational, legal, relational or intellectual in nature (Hunt & Morgan, 1985). They can be either tangible or intangible (Srivastava et al., 1998). Capabilities, on the other hand, are commonly thought of as skills and talents of personnel within organisations but they can also be derived from systems, routines or structures that provide organisations with capacity to use their assets and resources effectively (Bowman & Asch, 1996). Day and Wensley (1988) argued that organisations must be able to assess their own assets, resources and capabilities relative to those of rivals, taking into account perspectives of both customers and competitors.

Figure 5.2 shows assets, resources, and capabilities of universities integrated into the abstract model of competitive advantage. University assets and resources typically include brand equity, image and reputation; locations; land, property, and rental income; facilities and infrastructure; plant and capital equipment; cash and investments; intellectual property,
Figure 5.2 Assets, Resources, and Capabilities in University Contexts:

- **Assets and Resources**
  - Brand equity; image; status, reputation
  - Locations
  - Land, property, rental income
  - Facilities and infrastructure
  - Plant and equipment
  - Cash and investments
  - Intellectual property, patents, licences
  - Donations, bequests, gifts
  - Sponsorships
  - Alliances and partnerships
  - Alumni
  - Workforce

- **Capabilities**
  - Skills, abilities, talents, of staff
  - University systems, structure and routines

**Note:** Components in red have been adapted from theoretical model (see Figure 5.1).
patents, and licences; donations, bequests, and gifts; sponsorships; alliances and partnerships; workforce; and alumni. University capabilities typically include skills, abilities and talents of individual members of the academic and general staff, and systems, structures and routines through which people perform their tasks.

Also shown in Figure 5.2 are variables that can moderate relationships between assets and resources, and capabilities, and governing interactions between them. Dimensions identified in this figure are mission, purpose, values, culture, tradition, and leadership. These variables, derived from the literature of competitive advantage and strategic management, and confirmed by findings of content analysis of strategic plans (Study 1) and interview-based case studies (Study 2), are discussed below.

Mission: Organisations exist to accomplish specific goals and objectives (Pearce & Robinson, 1999). These goals and objectives are organisational missions (Ackoff, 1987). Kotler et al. (2003, p.83) described a mission statement as an ‘invisible hand’ that guides people in the organisation so that they can work independently and yet collectively toward overall organisational goals. Universities, like other business enterprises, often express their missions in succinct, formal statements in strategic plans. (See, for example, Strategic Plan 2004-2008, La Trobe University, p.2; Strategic Plan 2003-2007, Griffith University, p.3.)

Purpose: Purposes of organisations are similar to their missions but are usually more explicit expressions of reasons for their establishment and/or continuing existence. Some organisations include lists of specific purposes for which they were established in their strategic plans. (See Strategic Framework, 2004-2008, Monash University, p.1; JCU in the Third Millennium: Strategic Plan 2003-2008, James Cook University, p.2)

Values: Values are standards we set for what is desirable in terms of behaviour and outcomes ... they are assumptions about what is important, desirable and right (Collins et al. (1991, p.46). Values held by universities can relate to actions or behaviours that are seen as having intrinsic worth, and are worthy of esteem. Universities seek to perpetuate such values, and to inculcate them into their own activities and operations. Like statements of mission and purpose, value statements often appear in strategic plans of universities (see University of
Culture: Culture refers to organisational mannerisms, or idiosyncratic behaviours, that are ingrained and readily recognisable (Alavi et al., 2006; Park et al., 2004). Cultural differences between organisations might be revealed in attitudes staff comfort, health and safety, customer services and support, and responses to complaints and criticism. These cultural differences go beyond short-term changes in leadership style; they are deeply ingrained and persistent. Universities, like other businesses, differ markedly in culture and these cultural differences may impact on their acquisition of assets, resources and capabilities.

Tradition: Traditions that exist within business organisations influence their actions and responses (Aaker, 2004; Carney & Gedajlovic, 2003). Some Australian universities have long histories of prestige and accomplishment, while others are new. Several were established as stand-alone universities, while others are amalgamations of smaller institutions. Some have their roots in Technical Colleges, others in Teachers’ Colleges. Consequently, considerable differences exist in the tradition (or heritage) of universities. These differences seem likely to lead to differing priorities in accumulation and use of assets, resources and capabilities.

Leadership: In this context, leaders are individuals who are able to influence others but also hold managerial authority. Consciously or unconsciously, beliefs, attitudes, and personal preferences influence decision-making of leaders in business situations (Alavi et al., 2006; Hatch et al., 2006; Ireland & Hitt, 2005). In university contexts, traits and characteristics of leadership seem likely to influence accumulation and use of assets, resources and capabilities.

Variables other than mission, purpose, values, culture, tradition, and leadership might moderate interrelationships between, assets, resources, and capabilities. As previously noted, content analysis of strategic plans and case study evidence suggest these dimensions.

**Linking Assets and Resources, Capabilities, and Distinctive Competencies**

This section comprises explanation and discussion of distinctive competencies, and of relationships that exist between them and assets, resources, and capabilities. These relationships are shown in Figure 5.3.
Figure 5.3 Interrelationship of Distinctive Competencies and Competitive Advantage

Note: Components in red have been adapted from theoretical model (see Figure 5.1).
Prahalad and Hamel (1990) examined interconnectedness of assets, resources and capabilities, concluding that organisations that were able to consolidate assets, resources and capabilities into core competences, loosely defined as tasks and activities that one organisation could perform better than another. These researchers contended that it was possession of core competences in key operational areas, which were usually of a technical or engineering nature, gave organisations competitive advantage. Hence, organisations should invest heavily in their core competences, building stocks of them, and leveraging them throughout all parts of the business to create value for consumers.

Supporting Prahalad and Hamel (1990) in this view, Stalk, Evans, and Shulman (1992) broadened the definition of core competences, pointing out that distinctive skills were not confined to engineering or technical operations but could reside in any business function (e.g., purchasing, production, administration, warehousing, transportation, retailing, marketing). Accordingly, Stalk, Evans and Shulman (1992) suggested that corporate capabilities was a more satisfactory term for these special abilities. In the theoretical model, distinctive competencies, a more appropriate term than either core competences or corporate capabilities in university contexts, is used to express this notion. Distinctive competencies that reside in universities might include those related to expertise in Distance Education, internationalisation, information systems management, and relationship building.

However, emergence of distinctive competencies such as these can be moderated in universities by variables that relate to management’s ability to identify and utilise assets, resources, and capabilities effectively. Derived from findings of content analysis of strategic plans (Study 1) and interview-based case studies (Study 2), and confirmed by from literatures of competitive advantage and strategic management, these variables include collective learning, tacit knowledge, organisation of work, delivery of value, efficiency, experience, communication, coordination of diverse skills, involvement, commitment, and flexibility. These factors are discussed below.

**Collective learning:** Collective learning is accumulated knowledge that resides within organisations; such learning helps members of staff to cooperate and solve mutual problems. Collective learning builds individual and organisational capacity, provides more complete understanding of resources, and increases shared understandings of systems, structures, processes, and policies (Bueno et al., 2004; Pemberton et al., 2001; Real et al., 2006, Senge,
Because collective learning is particularly important in environments of complexity, uncertainty and change (Bowman & Asch, 1996; Prestoungrange, 2002), the degree to which it exists in universities will help or hinder emergence of distinctive competencies.

**Tacit knowledge:** Tacit knowledge comprises *a range of sensory information and images that can be brought to bear in an attempt to make sense of something* (www.infed.org/thinkers/polyani, accessed 6 January, 2007). Coined by Hungarian philosopher Michael Polyani (1891-1976), *tacit knowledge* describes the pre-logical phase of knowing. Polyani’s dictum *we know more than we can tell* succinctly summarises this notion (Polyani, 1967, p.4; see also Senker, 1995). In university contexts, tacit knowledge may enable people to bring together small pieces of information to produce distinctive competencies in areas such as optimisation of resources, technology development, distance education, course progression management, and numerous others.

**Organisation of work:** Organisation of work in ways that optimise resources and capabilities can facilitate emergence of distinctive competencies (Brodner & Latniak, 2003; Wilkinson, 1998). Without capacity to organise work efficiently and effectively, distinctive competencies may not emerge, or may not be recognised, in university settings.

**Delivery of value:** Delivery of value and satisfaction to consumers of goods and services produced by organisations is vital to their success (Alavi et al., 1997; Kaplan & Norton, 1992, 1996). Organisations that fail to deliver value and satisfaction will ultimately cease to exist because consumers will seek alternative sources of supply (Kohli & Jaworski, 1990; Narver & Slater, 1997). In failing organisations, including universities, focus of attention may shift from development of distinctive competencies to matters of survival.

**Efficiency:** Efficiency, in both management and operations, creates organisational environments that motivate members of staff and allow them to reach their full potential. Inefficiency may lead to staff demoralisation and inhibit emergence of distinctive competencies (Anderson, 2006; Trott & Hoecht, 2004).

**Experience:** Experience counts for much in challenging environments such as those in which many organisations currently operate (Delios & Beamish, 1999; van Pragh, 2003). Accumulated experience fosters confidence in working with complex technologies, processes and systems and may encourage rapid emergence of distinctive competencies in universities.
Communication: Communication skills appear to be obvious requirements for development of distinctive competencies, but the extent to which good communication influences their emergence in organisations needs to be tested. Within innovative organisations, including universities, some distinctive competencies, especially those of a scientific and technical nature, might be more effectively fostered in relative isolation.

Coordination of diverse skills: Coordination of diverse skills is required in organisations operating in complex environments (Eales-White, 2005; Jayne & Dipboye, 2004). Such coordination may be essential if assets, resources and capabilities are consolidated effectively.

Involvement: Lack of enthusiasm and low involvement of staff members hinder organisational performance (Rondeau et al., 2006; Zatzick & Iverson, 2006). High involvement of staff members may be essential if distinctive competencies are to emerge in universities.

Commitment: Commitment to success is an essential ingredient of high-achieving organisations (Kanter, 1972, 1983; Scott-Ladd et al., 2006; Tomlinson, 2006). Strong commitment of staff members may be required if assets, resources and capabilities of universities are to be consolidated effectively to form distinctive competencies.

Flexibility: Organisational and employee flexibility is a characteristic of organisations that can respond effectively to novel situations (Hatum & Pettigrew, 2006; Ordonez de Pablos, 2005; Sommer, 2003). While collective learning, tacit knowledge and experience may foster emergence of distinctive competencies in performance of routine operations in universities, flexibility may also be required in response to changing circumstances.

**Linking Distinctive Competencies to Competitive Advantage**

This section comprises explanation and discussion of four variables that can moderate links between distinctive competencies and competitive advantage. These variables, identified by Grant (1991) as characteristics of assets, resources, and capabilities that determine
Figure 5.4 Interrelationship of Distinctive Competencies and Competitive Advantage

Note: Components in red have been adapted from theoretical model (see Figure 5.1).
sustainability of competitive advantage, are *durability, transparency, transferability,* and *replicability.* Figure 5.4 shows these variables, explained below, integrated into the theoretical model.

**Durability:** Durability refers to capacity of distinctive competencies to deliver competitive advantage over extended periods of time (Grant, 1991). University assets and resources depreciate and become obsolete over time as, for example, reputation and brand equity ebb and flow, plant and capital equipment become outdated, technologies change, patents and licences expire. As a consequence, distinctive competencies can be weakened. Similarly, distinctive competencies can be weakened as university capabilities change owing to circumstances such as personnel movement, systems overhaul, restructuring, and policy changes.

**Transparency:** Transparency refers to ease with which organisations are able to identify sources of distinctive competencies of competitors (Grant, 1991). Distinctive competencies based on single assets, resources or capabilities can be more transparent, and more easily imitated, than those based on multiple assets, resources and capabilities.

**Transferability:** Transferability refers to ease with which organisations can acquire assets, resources, and capabilities similar to those of competitors in order to imitate distinctive competencies. Grant (1991) argued that transferability of assets, resources and capabilities was often made difficult by (i) geographic immobility; (ii) imperfect information; (iii) firm-specific resources; and (iv) immobility of capabilities. **Geographic immobility** relates to prohibitive costs of relocating large capital equipment and highly specialised employees. **Imperfect information** refers to difficulties faced by would-be imitators in assessing value of components of distinctive competencies, especially those based on multiple assets, resources and capabilities. **Firm-specific resources** relate to situations in which strong organisations buy assets, resources, and specialised personnel from competitors in expectation that distinctive competencies of these competitors will be transferred with them; in practice, productivity losses often result from buy-outs of this kind. **Immobility of capabilities** implies that transferability of distinctive competencies is inhibited when based upon complex and interactive teams of resources and capabilities.
Replicability: Replicability refers to situations in which organisations, having acknowledged difficulties in transferring resources and capabilities, attempt to replicate them by internal investment (Grant, 1991). While some assets, resources and capabilities may be possible to imitate, other highly complex organisational systems, processes and routines are more difficult to replicate.

Linking Competitive Advantage to Value Creation

This section comprises explanation and discussion of links between competitive advantage and value creation.

Porter (1979, 1980) brought to prominence differentiation and low-cost strategies as sole sources of sustainable competitive advantage. Differentiation strategies provide organisations with protection from competitors through superior goods and services; low-cost strategies provide organisations with protection from competitors by inhibiting attacks based on price-cutting. Porter (1979, 1980) advised organisations to focus on one of these strategies or the other in each of their separate strategic business units (SBUs) because to be less than single-minded in their approach gave rise to risks of being stuck-in-the-middle and, hence, to underperform. Although more recent commentators have pointed to areas of confusion in this advice (e.g., Bowman, 1992; Cronshaw et al., 1990; Hendry, 1990, Hill, 1988; Karnani, 1984, Murray, 1988; White, 1986; Wright, 1987), differentiation and low-cost strategies, used either singly or in combination, are well established both in research literature and business practice (Prahalad & Hamel, 1990; Stalk, Evans & Shulman, 1992; Srivastava et al., 1998).

However, differentiation and/or low-cost strategies, as well as distinctive competencies, may not be sufficient to ensure competitive success. Organisations also need to understand dimensions of strategy that create value for students, staff and other stakeholders if their attempts to achieve competitive advantage are not to be misdirected. Thus, in this investigation, six dimensions of strategy - students, research, staff, programs, management, and relationships, – identified on bases of content analysis of strategic plans and interview-based case studies, as explained above, are postulated as variables that may moderate links between competitive advantage and value creation.
Thus, further expansion of the theoretical model by addition of these six key dimensions of strategy completes a unique framework that, on bases of findings of Studies 1 and 2, and related research, might guide competitive strategy development in universities in current challenging environments.

**Conceptual Framework**

This completed framework is shown in Figure 5.5. Components enclosed and linked by solid red lines in this figure are those adapted from the theoretical model used to integrate findings of Studies 1 and 2. Components and linkages in hatched black lines are those suggested by present findings and research evidence.

In providing a framework that can assist universities to develop stronger, and more appropriate, responses to increasing competition, this investigation is timely. Case study evidence in Study 2 confirms research that laments lack of suitable norms, models, and frameworks to guide strategy formulation in higher education settings (Anderson et al., 1999; Coaldrae & Stedman, 1998; Marginson & Considine, 2000).

**Discussion**

This section explores the unique framework presented in Figure 5.5, discussing propositions to which it gives rise. Implications of findings (framework) for theory and practice are outlined. Limitations of this study are acknowledged, and directions for further research are provided.

In summary, the proposed framework suggests that, when universities are able to consolidate assets, resources, and capabilities to enable distinctive competences to emerge, these competencies will lead to competitive advantage through creation of value for consumers. Potential for successful consolidation of assets, resources, and capabilities into distinctive competencies can be moderated by variables that include *mission, purpose, values, culture, tradition,* and *leadership*. Capacity for distinctive capabilities to emerge can also be moderated by organisational attributes including *collective learning, tacit knowledge,*
Figure 5.5 Framework to Guide Development of Competitive Strategy in University Contexts

Note: Components in red have been adapted from theoretical model (see Figure 5.1).
organisation of work, delivery of value, efficiency, experience, communication, coordination of diverse skills, involvement, commitment, and flexibility. Distinctive competencies, once formed, might not lead to competitive advantage unless assets, resources, and capabilities upon which their consolidation is based possess characteristics that include durability, transparency, transferability, and replicability. Finally, competitive advantage, either through strategies of differentiation or cost, might not materialise unless dimensions seen to be currently significant inform these strategies.

This framework gives rise to seven broad propositions. Identified as P1, P2, P3, P4, P5, P6, and P7, and shown in Figure 5.6, these propositions are that:

**P1:** Mission, purpose, values, culture, tradition and leadership are major determinants of accumulation and use of assets and resources by universities.

**P2:** Mission, purpose, values, culture, tradition and leadership are major determinants of accumulation and use of capabilities by universities.

**P3:** Collective learning, tacit knowledge, organisation of work, delivery of value, efficiency, experience, communication, coordination of diverse skills, involvement, commitment, and flexibility are determinants of ability of universities to consolidate assets and resources into distinctive competencies.

**P4:** Durability, transparency, transferability, and replicability are essential characteristics of assets and resources for emergence of distinctive competencies in universities.

**P5:** Durability, transparency, transferability, and replicability are essential characteristics of capabilities for emergence of distinctive competencies in universities.

**P6:** Capacity of distinctive competencies to provide competitive advantage to universities is determined by durability, transparency, transferability, and replicability of assets, resources, and capabilities.
Figure 5.6 Propositions Relating to Framework for Development of Competitive Advantage

Note: Components in red have been adapted from theoretical model (see Figure 5.1).
P7: Students, research, staff, programs, management, and relationships are key dimensions of university strategy for competitive strategy and value creation in universities.

Implications

This section comprises discussion of four clear implications of this study. Theoretical implications relate to paucity of models to guide strategy development in higher education contexts; opportunities for further conceptualisation and testing by researchers of the framework presented in this study; and provision of stimulus for further research in this area.

A significant managerial implication relates to apparent lack of use of strategy models in universities.

For research, the first implication is that this unique framework addresses scarcity of, and deficiencies in, existing strategy planning models to guide competitive strategy in institutions of higher education (Marginson & Considine, 2000). In recent years, as universities have adopted many of the structural forms and governance styles of private sector corporations, research focus has shifted from development of university-specific models (e.g., Bourgeois & Brodwin, 1984) to adaptation of planning models devised in, and for, the private sector (e.g., Porter, 1980). These latter models are not always satisfactory (Richards et al., 2004).

Second, this new framework provides opportunities for further conceptualisation and empirical testing in research. Although the theoretical model on which this framework is based is well established in literatures of strategic management and competitive advantage, variables that moderate links between components in specific contexts have received scant attention to date. In university contexts, for example, variables including benchmarking (Camp, 1989; Jarrar & Zairi, 2001; Pryor, 1989; Spendolini, 1992); information technology (Adams & Lamont, 2003; Fried & Johnson, 1991; Ghoshal & Kim, 1986; Mata et al., 1995; Porter & Millar, 1990; Senker & Senker, 1992; Vives, 1990); human resources management (Boxall, 2003; Broderick & Boudreau, 1992; Collins & Clark, 2003; Lawler, 2005; Pfeffer, 1994, 2005); innovation (Angelmar, 1990; Lengnik-Hall, 1992; Mitchell & Coles, 2003); and time compression (Bower & Hout, 1989; Keen, 1987; Stalk & Hout, 1990), might merit more
consideration than they have received in this investigation. While all of these issues find resonance in findings of content analysis and case studies, their lack of prominence precluded their inclusion in this framework.

Third, this new framework provides a stimulus for development of other planning models to guide strategy formulation in university settings. Signs of renewed interest in enhancement of strategic planning practices in universities confirm timeliness of such research. This renewed interest is most evident in recent announcements of the Australian Vice-Chancellors’ Committee (AVCC). For instance, in proposing development of a Research Quality Framework (RQF) in response to Federal Government concerns about best use of research investment (DEST, 2005), AVCC announced that it is giving consideration to whether strategic planning should be assessed as part of the RQF (AVCC, 2005, p.2). In similar vein, the AVCC announced that forthcoming discussions with government and university representatives from China, aimed at strengthening relationships with Australian universities, would encompass issues of autonomy and governance, and particularly strategic planning in universities (AVCC, 2006, p.1).

A fourth implication, one of managerial significance, is that availability of this new framework might lead to questioning of apparent neglect of theoretically based and empirically tested models, frameworks, tools and techniques in strategy formulation in universities, and extension of their use. Bolton & McManus (1999) referred to the use made by private sector service organisations of models, frameworks, tools, and techniques such as: environmental scanning (Ansoff, 1965); vulnerability analysis (Hurd, 1977); forecasting approaches (Georgoff & Murdick, 1986); scenario building (Kahn, 1960; Linneman & Klein, 1985); industry structure analysis (Porter, 1980); the 7-S model of McKinsey & Co. (Peters & Waterman, 1982); PIMS analysis (Buzzell & Gale, 1987; Day, 1977; Schoeffler et al., 1974); portfolio analysis (Day, 1977; Henderson, 1970); and value chain analysis (Porter, 1985). Daniel (1996) contended that value chain analysis (Porter, 1985) has particular relevance to strategic decision making in universities. However, content analysis and interviews conducted in Studies 1 and 2 failed to reveal use of these or similar techniques. Conclusions reached in Study 2 (Chapter 4) were that strategy planning in universities would be enhanced by application of such tools.
Limitations

Four limitations of this study are particularly significant. These limitations relate to (i) bases of identification of key dimensions of strategy and variables; (ii) lack of return loop in theoretical model; (iii) \textit{brand} issues in universities; and (iv) \textit{quality} issues in universities. These limitations require explanation.

Limitations relating to bases of identification of variables in creation of this framework have been discussed previously. Identified on bases of research literature, findings of Study 1 (in which limitations of published versions of strategic plans were acknowledged), and Study 2 (in which limitations of interviewing and preparing case studies were acknowledged) these variables might be incomplete. Testing of this framework might identify other factors that moderate links between components of the present framework.

While use of an extant model of competitive advantage provides an appropriate vehicle for integration of findings of Studies 1 and 2, this model imposed limitations. What appears to be missing from this theoretical model is a return loop that links \textit{value creation} back, in circular fashion, to \textit{assets and resources} and \textit{capabilities}. Such a link would imply that, if universities are able to create value for stakeholders, they will be better placed than rivals to enhance assets, resources and capabilities on which distinctive competences and competitive advantage are built, and so continue to increase the size and sustainability of their advantage.

A third limitation is that associated with issues of branding in universities. While \textit{brand}, \textit{brands}, \textit{branding} (or similar) were not among top-ranked concepts in published versions of strategic plans, current emphasis on brand management issues is clearly evident in case studies (see Chapter 4, Study 2, Table 4.4). However, because differences rather than commonalities in university strategy were used to glean insights (in Study 2), \textit{brand equity} was included in the framework as an asset or resource rather than as a key dimension of strategy. Further research into competitive behaviour in universities might give more strategic prominence to branding issues than they have received here. Research literature (see, especially, Aaker, 1991, 1996, 2004; de Chernatony & Sengal-Horn, 2003) supports this contention.
Finally, issues of quality might need to be reconsidered in research into competitive strategy in universities. The place of quality in this new framework might understate its strategic importance. Research literature lends support to this notion (see, especially, AVCC, 2005; Berry & Parasuraman, 1991; DEST, 2005; Garvin, 1989). While quality is among top-ranked concepts in strategic plans – in position 11 in descending order of prominence – case study evidence suggests that its use in many different contexts warrants its inclusion among management issues rather than as a strategic issue in its own right.

Conclusion

Findings of content analysis of strategic plans (in Study 1) failed to reveal high levels of concern with rapid intensification of competition that are evident in interview-based case studies (in Study 2). This suggests either reluctance or inability, or both, of strategic planners to come to grips with new competitive realities. As per capita funding continues to decline, and as corporatisation of strategy, structure, and governance continues to gather pace, universities will need to reduce present reliance on cooperative models and move to more aggressively competitive models if they are to maintain and improve market positions. In its focus on competitive behaviour in contexts of higher education, Study 3 addresses issues in strategic planning that appear to have been neglected.

Several directions for further research have been alluded to already in this study. In summary, potentially fruitful research opportunities exist in further conceptualisation and testing of the unique framework. Research directed towards development of new models, frameworks, tools, and techniques to guide competitive behaviour in higher education settings would also appear to be timely. In addition, fertile ground for new research exists in exploration of the nature of relationships that exist between brand equity and competitive advantage, and between quality and competitive advantage in university contexts.
Chapter 6

Implications for Research, Policy, and Practice

Chapter Overview

Chapter 6 begins with a brief reiteration of the objectives of this thesis and principal findings. The major implications of these findings for research, policy, and practice are then discussed. Stressing the relevance and timeliness of these findings, this chapter concludes with a summary of its implications and directions for further research.

Introduction

The objectives of this thesis are (i) to gauge current concern of Australian public universities with rapid intensification of competition in the global higher education sector; (ii) to identify and evaluate strategies developed by universities in response to increasing competition; and (iii) to develop a conceptual framework to guide competitive behaviour in universities.

A systematic content analysis of published strategic plans of universities (in Study 1, Chapter 3) gives rise to three propositions. These propositions are that: (i) levels of concern of universities with escalating competition are low; (ii) universities are implementing a wide range of strategies in response to escalating competition; and (iii) there is clear evidence in the plans of the theoretical underpinning of these strategies. These propositions are tested in Study 2 (Chapter 4) by means of interview-based case studies in a selected sample of the universities.

This testing refutes the first of these propositions. Evidence of the case studies reveals that current levels of concern of universities with rapidly intensifying competition are, indeed, high. Two possibilities are advanced to account for this refutation. One possibility is that, in general terms, strategic planning in universities is still fairly unsophisticated and reference to competition might have been inadvertently omitted. The other possibility is that strategically-sensitive material, including reference to competitive behaviour, might have been deliberately...
omitted from versions of strategic plans which are published to serve a variety of communication and public relations purposes.

Findings of Study 2 support the second proposition arising from Study 1, that universities were implementing a wide range of strategies in response to escalating competition. Prominent strategies at universities in the sample included brand-building to improve image and reputation; benchmarking against leading universities worldwide to improve quality; developing strong global research alliances; examining existing course offerings to boost market relevance and consumer appeal, enhancing campus infrastructure and facilities to attract best staff and students, concentrating research into areas of strength; strengthening marketing; and enhancing student services and support.

Findings of Study 2 refute the third proposition arising from Study 1, that there is clear evidence of the theoretical underpinning of the strategies being implemented in response to intensifying global completion. The five case studies suggest that the bases of such decisions are university mission, vision, and values statements.

The implications of these findings - for research, policy, and practice - are shown in Table 6.1. The sections that follow discuss these implications.

**Implications for Research**

There are four major implications for research. First, further research is required to address deficiencies in models that have emerged to assist universities to stay relevant to changing market conditions. While considerable attention has been focused on models to guide competitive behaviour, and/or to gain and maintain sustainable competitive advantage, in the private sector in recent decades (e.g., Hatch & Dyer, 2004; Vorhies & Morgan, 2005; Pfeffer, 2005), less attention has been paid to development of such models in the higher education sector (Dawson et al., 2006; Marginson & Considine, 2000).
Table 6.1 *Major Implications for Research, Policy, and Practice*

<table>
<thead>
<tr>
<th>Research</th>
<th>Policy</th>
<th>Practice</th>
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<tbody>
<tr>
<td>Further research is required to address the deficiency in models that have emerged to assist universities to stay relevant to changing market conditions</td>
<td>Federal and State governments should evaluate current policies relating to strategic planning requirements by universities to clarify purposes and to assess adequacy of processes and practices.</td>
<td>Universities should consider whether adequate attention is being paid to rapid intensification of competition in the global higher education sector.</td>
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<tr>
<td>Further research is warranted to assess the utility to institutions in the higher education sector of models and frameworks developed in, and for, the private sector.</td>
<td>Federal and State governments should re-assess and clarify policies on provision of incentives to foreign universities wanting to establish branch campuses in Australia.</td>
<td>Universities should examine adequacy of their strategic planning processes, especially in regard to analysis of external operating environment and threats posed by competitors.</td>
</tr>
<tr>
<td>Testing should be done to evaluate and further develop the conceptual framework to guide competitive behaviour in universities presented in this thesis.</td>
<td>Federal and State governments should re-assess and clarify policies on diversification of traditional universities, providing greater incentives to smaller regional universities to adopt competitively defensive niche market positions.</td>
<td>Universities should evaluate their business orientation, ensuring that it is both customer-focused and market-facing.</td>
</tr>
<tr>
<td>A new survey and analysis of strategic planning in universities should be undertaken to up-date the DEST-sponsored study of Anderson et al., (1999) and to recommend enhancements relating to purpose, processes, &amp; practices.</td>
<td>Federal and State governments should re-assess and clarify policies relating to provision of higher education and training by alternative (private) providers to ensure that interests of traditional public universities are adequately considered.</td>
<td>Universities should appraise the adequacy of the bases on which their current competitive strategies, if any, are based;</td>
</tr>
<tr>
<td>Retention of strong lobby groups is essential to ensure interests of public universities are adequately taken into account in policy development.</td>
<td>Universities should appraise, and consider implementation of, the conceptual framework to guide competitive behaviour presented in this thesis.</td>
<td>Universities should embrace the notion of strategic flexibility so that strategic direction can be changed quickly if performance fails to meet expectations or when market conditions change.</td>
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</table>
A second, closely related, implication for research is that further attention is warranted in the assessment of the utility to institutions in the higher education sector of models and frameworks developed in, and for, the private sector. For example, further research is warranted on the value of Porter’s (1980, 1985) low cost strategy in the university sector. In a market sector that seems to equate price with quality, does low price bestow a sustainable advantage (Bok, 2003; Marginson, 2006)? Similarly, further research is warranted on the value to universities of time compression, a prominent competence of many successful private sector organisations (Galbreath, 2005; Stalk & Hout, 1990; Vidovich et al., 2007). In a market where traditions are often important considerations in consumer choice, is being first to market with new product offerings likely to provide long-term competitive advantage (Kirp, 2003; Marafioti & Perretti, 2006; Marginson, 2004b)?

The third implication for research relates to the development in this thesis of a conceptual framework to guide competitive behaviour in universities (Study 3, Chapter 5). This framework not only provides opportunities for further conceptual development and testing but should also stimulate development and testing of alternative models. As noted earlier, Marginson and Considine (2000) observed that there was a dearth of models and frameworks to guide governance, including strategy development and competitive behaviour, in higher education settings. The literature search conducted specifically for this thesis confirms that observation. However, useful starting points for new research in strategic planning in academic settings might be found in the earlier ideas of Olsen (1989), Chaffee (1983), Johnstone (1989), and Schmidtlein and Milton (1989), inter alia. With interest still high in aspects of the resource-based view of strategy development (RBV theory; see, for instance, Connell & Voola, 2007; Foss & Ishikawa, 2007; Ordonez de Pablos, et al., 2007), research in this area, with specific application to universities, would also be worthwhile.

Finally, and importantly, an implication of the present investigation is that further research into specific strategic planning purposes, practices, and processes should be undertaken in universities in Australia (cf. Anderson et al., 1999; Foss & Knudsen, 2003; Grant, 2005). Prime objectives of new studies of this kind should be to establish the existence of plans beyond the published versions, to evaluate the adequacy of them, and to recommend enhancements relating to purposes, processes, and practices.
Implications for Policy

Five implications of findings for policy-making are shown in Table 6.1. The first is that Federal and State governments should evaluate current policies relating to strategic planning requirements by universities to clarify purposes and to assess adequacy of processes and practices (See Strategic Planning in Higher Education: A Guide for Heads of Institutions, Senior Managers and Members of Governing Bodies, HEFCE, U.K., June 2000, www.hcfce.ac.uk, accessed 30 June, 2007). While acknowledging that some management matters are so sensitive that they cannot be made publically available (Anderson et al., 1999), there seems to be little doubt that strategic planning practices, judged by the standard of those on websites, can be vastly improved (Dyson, 2002; Hammond et al., 2007).

Second, Federal and State governments should re-assess and clarify policies relating to entry of foreign universities to the Australian market. Although there are benefits in allowing strong overseas universities to establish themselves here (e.g., their presence not only provides opportunities for closer teaching and research alliances but also enhances the competitiveness of domestic institutions – see Press Releases: “State and nation win through Carnegie Mellon”, www.foreignminister.gov.au/releases/2005/fa141a_05.html, accessed 1 December 2005; and “Flinders looks to collaborate with Carnegie Mellon in South Australia”, www.flinders.edu.au/news/articles/?050516, accessed 18 May 2007), there are areas of concern. At issue presently is the provision by State governments of incentives. While the equitableness of allowing overseas universities to enter this market is recognised if Australian universities are to continue to expand abroad, the practice of providing monetary incentives to wealthy overseas institutions – as the South Australian government has done recently in the case of U.S.-based Carnegie Mellon – warrants urgent re-consideration. This practice appears to play into the hands of competitors and needlessly disadvantages local universities (Davis, 2006a; Davis, 2007).

Third, Federal and State governments should re-assess and clarify policies on diversification of traditional universities, providing greater incentives to smaller regional universities to adopt competitively defensive niche market positions (DEST, 2003b). Many of the smaller regional universities believe that they are already financially disadvantaged and do not have the funds to diversify in the ways that the Commonwealth Government envisages (see, for
instance, “Regional universities need additional funding”, CSU Press Release, 5 September 2002, www.csu.edu.au/director/latest_news/, accessed 26 July 2007) Smaller universities believe that several of their larger counterparts have significant historical advantages in terms of their assets and yet this is not taken into account when Government funding is allocated (Alport, 2003). Some universities have complained also that they are expected to perform a community service, especially in regional areas, and yet they are not funded for that (DEST, 2002). Several

Although the Federal Government has expressed a strong desire for universities to diversify, few incentives have been provided to universities to date to abandon the one-size-fits-all-model that has developed in the sector (Poole, 2002).

Fourth, Federal and State governments should re-assess and clarify policies relating to provision of higher education and training by alternative (private) providers to ensure that interests of public universities are adequately protected (Guthrie et al., 2004). In its efforts to encourage greater diversity in the higher education sector, the Federal Government has encouraged growth in the numbers of non-traditional (private) providers of tertiary education and training by extending FEE-HELP to students attending registered institutions DEST, 2004). However, the Government must get the balance right, ensuring that traditional (public) providers, especially in regional areas, are not disadvantaged (see, for example, “New Go8 funding model does not penalise regional universities”, UQ Press Release, 19 September, 2002, www.uq.edu.au/news/?article=3579, accessed 18 July 2006).

The fifth implication for policy is that efforts should be made to retain and foster strong lobby groups – such as Universities Australia (formerly Australian Vice-Chancellors’ Committee, see www.universitiesaustralia.edu.au, accessed 30 July, 2007), and alliances including the Group of Eight, see www.go8.edu.au, accessed 1 August 2007), the Australian Technology Network, (see www.atn.edu.au, accessed 26 July, 2007), the New Generation Universities, (see www.ngu.edu.au, accessed 26 July, 2007), and the Independent Research Universities, Australia (see www.irua.edu.au, accessed 24 July, 2007) - to work in the interests of public universities in policy development issues.
Implications for Practice

Six major implications for practice emerge from this thesis. First, university managers should determine whether adequate attention is being paid to rapid intensification of competition in the global higher education sector at their institutions. Content analysis reveals that the concept of competition is among the 30 top-ranked concepts in strategic plans of only two universities (see Chapter 3). In strategic plans of nine universities, the concept of competition is not mentioned at all (see Table 3.9). As one of the most important purposes of strategic planning is to identify threats, including those from competitors, in operating environments (Kotler et al., 2004), these findings are both surprising and disturbing.

The second implication for practice of findings of this thesis is that universities should examine the adequacy of their strategic planning practices and processes. Content analysis reveals that strategic planning documents of many universities are unsophisticated and unsatisfactory (cf. Anderson et al., 1999). Additionally, consideration should be given to the purposes for which published versions of strategic plans are intended. Although acknowledgement is readily made of the need for strategically-sensitive material to be kept secret (and omitted from documents that are freely available on university websites), what remains – in many cases – after these omissions have been made can scarcely be called strategic plans. While it is the practice of some universities to call their equivalent documents by another name (e.g., University of Ballarat: Statement of Strategic Intent; Flinders University: Statement of Intent; University of South Australia: Strategic Intent/Mission/Future Directions), this only serves to raise doubts about the existence, content and format of full-scale strategic plans at those universities.

Third, universities should consider re-evaluating their business orientation. Attention was drawn above to the pioneering work of Narver and Slater (1990) and Kohli and Jaworski (1990), who demonstrated benefits associated with adoption by organisations of a market orientation. Such an orientation involves paying equal attention to customers and competitors (Griffith et al., 2006; Hynes & Mollenkopf, 2006; Morgan & Strong, 2003). In the case of the universities, however, content analysis of strategic plans revealed that the concept of students is far more prominent than the concept of competitors (see Table 3.10), giving rise to the suggestion in this thesis that some universities are neglecting competitive threats in their strategy planning. While a strong focus on students is laudable, and can indeed represent the
major defensive tactic of some universities in response to competitive pressure, inadequate concern with the behaviours of rivals might prove to be disastrous (Cano et al., 2004; Hammond et al., 2006; Webster et al., 2005).

Fourth, universities should appraise the adequacy of the bases of their current competitive strategies. Interview and case study evidence reveals that prominent models and frameworks in the literature of strategic management and marketing (e.g., Hamel & Prahalad, 1994; Kotler & Singh, 1981; Porter, 1980, 1985) that have been widely and successfully used to guide strategy development in the private sector (see Grant, 2005; Shimizu et al, 2004), are either unknown or deemed to be not useful in universities. Rather, mission, vision, and values statements, often generic in nature and loosely-framed, and goals and objectives, appear to serve as guides to strategy development (see Chapter 4).

Fifth, universities should embrace the notion of strategic flexibility, recognising that strategies need to be changed when competitive forces prove to be superior, when customer needs and wants change, and/or when market conditions change in ways that are significant (Hatch & Zweig, 2001; Shimizu & Hitt, 2004). UNSW’s abandonment of its Singapore campus, largely because of competitive pressure, provides a good example of the need for universities to be nimble (quick and flexible) in their strategic decision-making in markets that are volatile, and in which competitors are aggressively trying to hold their ground.

The sixth, and final, implication for practice is that universities should seek out and appraise frameworks to guide competitive strategy such as the one developed in this thesis (Study 3, Chapter 5). Based on findings of Studies 1 and 2, and integrated with a generic model of CA from the disciples of strategic management and marketing, this framework is intended to provide a foundation for consistent decision-making in today’s challenging circumstances.

**Conclusion**

These are important implications for research, policy, and practice. Universities that fail to heed them will struggle to compete successfully in the difficult times that lie ahead for the global higher education sector. There can be little doubt that the emergence of new information and communication technologies and the increasing demands of today’s
knowledge economies will give rise to such radically new forms of competition that universities will have to adapt or perish.

More than a decade ago, Hamel and Prahalad (1994) urged managers to take time out to imagine the future. They wanted managers to consider the functionality of the goods and services their organisations produced rather than the form in which they produced them. They wanted managers to develop new views about the ways in which their customers or clients wanted to use their products. They asked managers to think about the ways in which their future customers/clients will want to interact with the organisation, and to have their satisfactions delivered. They suggested that by doing these things, successful organisations could make the future happen,

Davis (2006c) had very similar ideas about the Australian public universities:

There remains a very strong future for most public universities ... [But] the future ... cannot be taken for granted. The apparent solidity of a 900-year tradition is no guarantee of viability. There are other ways to think about higher education, other models capable of delivering quality learning. The challenge is not to mistake institutional form for the substance, an ideal single model for the very many different kinds of universities possible (p. 11).

The lessons of this are clear. Universities that cannot imagine the future will not plan for it effectively. They will struggle to survive.
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Appendix 1.1

Abbreviations

A. Universities

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Name</th>
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<tbody>
<tr>
<td>ACU</td>
<td>Australian Catholic University</td>
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<tr>
<td>ANU</td>
<td>Australian National University</td>
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<tr>
<td>CDU</td>
<td>Charles Darwin University</td>
</tr>
<tr>
<td>CQU</td>
<td>Central Queensland</td>
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<tr>
<td>CSU</td>
<td>Charles Sturt University</td>
</tr>
<tr>
<td>CurtinU</td>
<td>Curtin University</td>
</tr>
<tr>
<td>DeakinU</td>
<td>Deakin University</td>
</tr>
<tr>
<td>ECU</td>
<td>Edith Cowan University</td>
</tr>
<tr>
<td>FlindersU</td>
<td>Flinders University</td>
</tr>
<tr>
<td>GriffithU</td>
<td>Griffith University</td>
</tr>
<tr>
<td>JCU</td>
<td>James Cook University</td>
</tr>
<tr>
<td>LaTrobeU</td>
<td>La Trobe University</td>
</tr>
<tr>
<td>MacqU</td>
<td>Macquarie University</td>
</tr>
<tr>
<td>MonashU</td>
<td>Monash University</td>
</tr>
<tr>
<td>MurdochU</td>
<td>Murdoch University</td>
</tr>
<tr>
<td>QUT</td>
<td>Queensland University of Technology</td>
</tr>
<tr>
<td>RMITU</td>
<td>RMIT University</td>
</tr>
<tr>
<td>SCU</td>
<td>Southern Cross University</td>
</tr>
<tr>
<td>SwinU</td>
<td>Swinburne University</td>
</tr>
<tr>
<td>UAdel</td>
<td>University Adelaide</td>
</tr>
<tr>
<td>UBall</td>
<td>University of Ballarat</td>
</tr>
<tr>
<td>UCanb</td>
<td>University of Canberra</td>
</tr>
<tr>
<td>UMelb</td>
<td>The University of Melbourne</td>
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<tr>
<td>UNE</td>
<td>University of New England</td>
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<tr>
<td>UNewc</td>
<td>University of Newcastle</td>
</tr>
<tr>
<td>UniSA</td>
<td>University of South Australia</td>
</tr>
<tr>
<td>UNSW</td>
<td>University of New South Wales</td>
</tr>
<tr>
<td>UQ</td>
<td>University of Queensland</td>
</tr>
<tr>
<td>USC</td>
<td>University of the Sunshine Coast</td>
</tr>
<tr>
<td>USQ</td>
<td>University of Southern Queensland</td>
</tr>
<tr>
<td>USyd</td>
<td>University of Sydney</td>
</tr>
<tr>
<td>UTas</td>
<td>University of Tasmania</td>
</tr>
<tr>
<td>UTS</td>
<td>University of Technology, Sydney</td>
</tr>
<tr>
<td>UW‘gong</td>
<td>University of Wollongong</td>
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<tr>
<td>UWA</td>
<td>University of Western Australia</td>
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<td>UWS</td>
<td>University of Western Sydney</td>
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<tr>
<td>VUT</td>
<td>Victoria University of Technology</td>
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</table>

B: Other Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Name</th>
</tr>
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<tbody>
<tr>
<td>AAEC</td>
<td>Australian Advanced Education Commission</td>
</tr>
<tr>
<td>ACPET</td>
<td>Australian Council for Private Education and Training</td>
</tr>
<tr>
<td>ACT</td>
<td>Australian Capital Territory</td>
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<tr>
<td>A$</td>
<td>Australian Dollars</td>
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<tr>
<td>AGPS</td>
<td>Australian Government Printing Service</td>
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<tr>
<td>ANHEPR</td>
<td>Australian Network for Higher Education Policy Research</td>
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<tr>
<td>ARC</td>
<td>Australian Research Council</td>
</tr>
<tr>
<td>ATN</td>
<td>Australian Technology Network</td>
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</tbody>
</table>
AUC  Australian Universities Commission
AVCC Australian Vice-Chancellors’ Committee (“Universities Australia” from May 2007.)
CAE College of Advanced Education
CBD Central Business District
CTEC Commonwealth Tertiary Education Committee
DDCAE Darling Downs College of Advanced Education
DE Distance Education
DEETYA Department of Employment, Education, Training and Youth Affairs
DEST Department of Education, Science and Training
DETYA Department of Education, Training and Youth Affairs
DVC Deputy Vice-Chancellor
EFTSL Equivalent Full-Time Student Load
EFTSU Equivalent Full-Time Students Units
ELICOS English Language Intensive Courses for Overseas Students
FEE-HELP Fee – Higher Education Loan Programme
FFPOS Full Fee-Paying Overseas Student
Go8 Group of Eight
HE Higher Education
HEFCE Higher Education Funding Council for England
HECS Higher Education Contribution Scheme
INSEAD Acronym: European Institute for Business Administration
LBR Log Book Reference
MIT Murdoch Institute of Technology
NBEET National Board of Employment, Education and Training
NHMRC National Health and Medical Research Council
NSW New South Wales
NUDIST Non-numerical Unstructured Data Indexing, Searching, and Theorising
NUG New Generation Universities
OECD Organisation for Economic Cooperation and Development
OP Overall Position. (Score awarded by the Queensland Studies Authority to represent the educational merit of applicants for admission to university and to rank applicants for competitive selection.)
PhD Doctor of Philosophy
PVC Pro Vice-Chancellor
ROI Return on Investment
SE Asia South East Asia
TAFE Technical and Further Education
UA Universities Australia (formerly AVCC)
UNS Unified National System
VC Vice-Chancellor
VP Vice-President
WA Western Australia
WAIT Western Australian Institute of Technology
Appendix 1.2

Segmentation of Australian Universities

The university segmentation (or classification) system adopted in this thesis is that suggested by Marginson and Considine in *The Enterprise University* (2000, p.190):

<table>
<thead>
<tr>
<th>Sandstones</th>
<th>Redbricks</th>
<th>Unitechs</th>
<th>Gumtrees</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>USyd</td>
<td>ANU</td>
<td>UTS</td>
<td>UNewc</td>
<td>USC</td>
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<td>UMelb</td>
<td>UNSW</td>
<td>RMITU</td>
<td>Griffith</td>
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<td>UAdel</td>
<td>Monash</td>
<td>QUT</td>
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<td>UTas</td>
<td>CurtinU</td>
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<td>UWA</td>
<td>UniSA</td>
<td>DeakinU</td>
<td>CSU</td>
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<td>UQ</td>
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<td>MacqU</td>
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**Sandstones:** *The oldest foundations in each state ... All have some sandstone buildings* (p.189)

**Redbricks:** *The strongest of the post-WWII universities ... Their political economy - size, academic role, income – is near interchangeable with that of the Sandstones. Redbrick is more than evident in their architecture* (p.189).

**Unitechs:** *Largest of the old CAEs (Colleges of Advanced Education) in five states ... with a strong vocational and industry-orientation ... The architecture is characteristically ugly, ranging from a grimy Fordism/Taylorism to utilitarian modern* (p.189).

**Gumtrees:** *Founded later in the post-war period, between 1960 and 1975, the main period of publicly-financed expansion ... Many of the sites were planted with natives (hence, “Gumtrees”) in contrast with the English gardens of the colonial period* (p.189).

**New:** *A heterogeneous group of post-1986 foundations ... In their buildings, utilitarian recency combines with secondary school leftovers from the CAE period* (p.189).
However, in later research Marginson has made a number of modifications to this segmentation. (See, for example, “National and Global Competition in Higher Education”, *The Australian Educational Researcher*, 31:2, August 2004. Here, the “Redbricks” category has been abandoned and the three universities in that category - ANU, UNSW, and Monash – have been subsumed into the “Sandstones” category. Additionally, University of Tasmania (UTas), formerly a “Sandstone”, has been relegated to the Gumtrees category. In *The Enterprise University* (2000, p.189) Marginson and Considine (2000, p.189) described UTas as *weaker in resources and academic status* than the other Sandstones.

**Other Segmentation Schemes**

Various other segmentation (or classification) schemes are used in research papers and informational publications. Some of the more common groupings are:

**Group of Eight (Go8)**

The Group of Eight (Go8) markets itself as the group of *Australia's Leading Universities*. They support this claim by referring to statistics relating to research outputs, industry links, graduate outcomes, and competency of academic staff. The Go8 member universities are:

- The University of Adelaide
- The Australian National University
- The University of Melbourne
- Monash University
- The University of New South Wales
- The University of Queensland
- The University of Sydney
- The University of Western Australia

Each of these universities is well regarded in a number of different areas and together they form a powerful bloc. There have been discussions about some formal recognition of the status of this group in ways such as increased government support or from the group itself developing its own standards framework. Nothing has come of these discussions yet, although it is likely that something will emerge as the competition in the higher education sector becomes more intense.
**Australian Technology Network (ATN)**

The Australian Technology Network (ATN) is a coalition of five Australian universities that share a common focus on the practical application of tertiary studies and research. The network claims they have a special strength in the way each of the member universities is focused on producing practical outcomes through their academic activity. The result is graduates and research that is closely aligned to the needs of industry and the wider society. The ATN member universities are:

- Curtin University of Technology
- University of South Australia
- RMIT University
- University of Technology Sydney
- Queensland University of Technology

These universities share a common background in the way they distinguished themselves as technical colleges before becoming accredited universities. From this background these universities have developed a framework of flexibility and innovation that continues to deliver practical results.

**Innovative Research Universities Australia (IRU Australia)**

Innovative Research Universities Australia (IRU Australia) is a group of six universities that share a common mode of operation and who believe that by coming together they will be better able to deliver value to their stakeholders. Most importantly, the group believes that they will be able to establish research concentrations and investment across the universities. There will also be opportunities to benchmark against each other along with collaborating in professional development initiatives, e-learning and new information and communications technology, income generation, and industrial issues. The IRU member universities are:

- Flinders University
- Griffith University
- La Trobe University
- Macquarie University
- Murdoch University
- University of Newcastle

These six universities share a common background having been founded in the 1960s and 1970s as research universities and it is estimated that collectively they have about 15% of total university enrolments in Australia. Each of the universities has developed highly regarded areas of specialisation and the formation of the group will result in all the member universities becoming stronger.
**New Generation Universities (NGU)**

In broad terms membership of the New Generation Universities (NGU) grouping is limited to institutions that have received university accreditation since 1970. However, NGU members also share a number of features including a flexible and dynamic program offering and an ability to operate in response to and in close cooperation with community, business and government. The NGU member universities are:

- Australian Catholic University
- Central Queensland University
- Edith Cowan University
- Southern Cross University
- Victoria University
- University of Ballarat
- University of Canberra
- University of Southern Queensland
- University of the Sunshine Coast
- University of Western Sydney

NGU members have a distinctive approach to university operations based on the interactions of learning, teaching, research, and community engagement.

**Source:** Adapted from *Australian MBA Guide*; see [www.australian-universities.com](http://www.australian-universities.com), accessed 12 June 2007
## Appendix 2.1

### Competitive Marketing Strategies and Tactics

<table>
<thead>
<tr>
<th>POSITION</th>
<th>COMPETITIVE STRATEGY</th>
<th>TACTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Leader</strong></td>
<td>Defend</td>
<td><strong>Position defence</strong>: organisation continues to do what it is already doing but does it better</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Flanking defence</strong>: organisation identifies its own points of weakness and guards against attacks upon them by rivals.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Pre-emptive defence</strong>: organisation launches an attack on any rival which may be capable of attacking it.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Counter-offensive defence</strong>: organisation strikes back hard at any rival which attacks it.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Mobile defence</strong>: organisation increases its own strength by entering new geographic territories or market segments and by diversifying into other businesses.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Contraction defence</strong>: organisation recognises that it has a point of weakness that it cannot adequately defend and deliberately chooses to abandon that part of its operations.</td>
</tr>
<tr>
<td><strong>Attack</strong></td>
<td></td>
<td><strong>Frontal attack</strong>: organisation attacks “head-on” at a rival’s strength.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Flanking attack</strong>: organisation attacks at rivals weakest point.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Encirclement attack</strong>: organization attacks on several fronts simultaneously</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>By-pass attack</strong>: organisation out-maneouvres a rival by diversifying into new technologies or entering new geographic territories.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Guerilla attack</strong>: organisation attacks a rival by launching small, sporadic assaults upon a rival.</td>
</tr>
<tr>
<td><strong>Expand Total Market</strong></td>
<td></td>
<td><strong>New users</strong>: people who have not used the industry’s products or services before are induced to do so.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>New uses</strong>: organization develops new uses for its product</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>New usage</strong>: people who already use the industry’s products or services are induced to use more of them or to use them more frequently.</td>
</tr>
</tbody>
</table>

Three strategies are appropriate for the market leader. The first, and most important, is to *defend*, fiercely holding its ground against all who would encroach upon it, and not surrendering market share to any other player. The second is to *attack*, taking ground from rivals to increase its own dominance. The third is to *expand the total market*, so that the volume of its business grows even if its market share does not. Effect is given to each of these three strategies through certain prescribed tactics, as shown in the table above.

The market challenger’s only strategy is to *attack*. In this, it has available the same five attack tactics as the market leader. The market follower’s strategy, obviously, is to *follow* the more powerful leaders, making sure that it does not provoke them into costly price and advertising wars which, lacking their resources, it will surely lose. Its tactic, therefore, is “to keep to head down”. Similarly, the market nichers has only one strategy and that is to *find niches* in the market that the others do not want. Tactically, it must look for niches that are too small or too specialised to be of interest to the bigger players.

<table>
<thead>
<tr>
<th>MARKET POSITION</th>
<th>COMPETITIVE STRATEGY</th>
<th>TACTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Challenger</td>
<td>Attack</td>
<td><strong>Frontal attack</strong>: organisation attacks “head-on” at a rival’s strength.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Flanking attack</strong>: organisation attacks at rivals weakest point.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Encirclement attack</strong>: organization attacks on several fronts simultaneously</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>By-pass attack</strong>: organisation out-maneouvres a rival by diversifying into new technologies or entering new geographic territories.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Guerilla attack</strong>: organisation attacks a rival by launching small, sporadic assaults upon a rival.</td>
</tr>
<tr>
<td>Market Follower</td>
<td>Follow the leaders</td>
<td><strong>Avoid confrontation with major players</strong>: Hold position by continuing to serve loyal customers well. Keeping head down. Don’t rock the boat.</td>
</tr>
<tr>
<td>Market Nicher</td>
<td>Avoid competition</td>
<td><strong>Look for niches</strong>: Look for niches that are too small, or too specialised, or too troublesome to interest the major players. Avoid confrontation with major players. Look for more than one niche that can be served profitably. Be prepared to move out of any niche that attracts the bigger players.</td>
</tr>
</tbody>
</table>

## Appendix 3.1

### Example: *Leximancer Log Book Extract (UMelb)*

<table>
<thead>
<tr>
<th>Location</th>
<th>Text</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMelb</td>
<td>&quot;Melbourne has made internationalisation its paramount priority. The University benchmarks itself primarily against first rank international universities rather than domestic competitors. The Strategic Plan provides the platform to support this priority.&quot;</td>
<td>Concepts: competition AND universities</td>
</tr>
<tr>
<td>StrategicPlan04.pdf~1.html#S1_19</td>
<td>An emerging knowledge-based global economy. With the corpus of human knowledge now more than doubling with each passing decade, and access to sophisticated knowledge and skills emerging as the single most important competitive advantage in the international marketplace, the education and training of 'knowledge workers' will be one of the defining enterprises of the 21st century. In the developing world there will be by 2010 perhaps 100 million people qualified for a higher education but without access to any campus-based university. Unless new, innovative solutions are developed, international inequity in access to higher education may prove the most intractable obstacle to constructive globalisation.</td>
<td>Concepts: competition AND universities</td>
</tr>
<tr>
<td>StrategicPlan04.pdf~1.html#S1_54</td>
<td>Adherence to the highest international standards of academic quality, openness to ideas, staff, students and scholarly collaborations from around the world, and the concomitant development of international competitiveness, recognition and status, will be the major determinants of long-term success for first rank universities in all developed countries. Responding to such challenges, Melbourne has made internationalisation its paramount priority. The University benchmarks itself primarily against first rank international universities rather than domestic competitors.</td>
<td>Concepts: competition AND universities</td>
</tr>
<tr>
<td>StrategicPlan04.pdf~1.html#S1_62</td>
<td>New educational technologies and pedagogies. The <code>digital revolution', by transforming the way knowledge is stored, accessed, disseminated, analysed and presented, is confronting campus-based universities with enormous challenges relating both to the costs and quality of higher education. Operating largely via the Internet, pursuing global economies of scale and securing efficiencies of delivery offered by new information technologies, </code>virtual' alternatives to traditional universities are likely to achieve a price competitiveness that traditional campus-based delivery arrangements will be unable to match. Arguments about quality will not automatically favour the traditional providers.</td>
<td>Concepts: competition AND universities</td>
</tr>
<tr>
<td>StrategicPlan04.pdf~1.html#S1_67</td>
<td>They will at the same time need to become more responsive to demands for more flexible course structures and delivery options from students with divergent needs and competing work commitments. Without</td>
<td>Concepts: competition AND universities</td>
</tr>
</tbody>
</table>
becoming more innovative in these areas, campus-based providers will be unable to capitalise on the added value of a ‘real’, face-to-face learning environment, and the subtle but potentially profound benefits of linking undergraduate learning to a research culture. Research-led universities face a challenge in differentiating themselves from other tertiary education institutions, not only because those who teach are also those who research, but also because they offer to students an induction into the values of research: academic integrity, a passion for knowledge, and sceptical enquiry.

Above all, however, research-led universities will have to compete in the undergraduate teaching market on the basis of premium educational quality, for they will be unable in the long term to compete on the basis of price. Their characteristic concentration on high cost disciplines, and the added costs associated with research expertise, infrastructure and other overheads will see to that, as will growing competition from online providers and lower cost campus-based competitors. As providers

Moreover, the best available evidence about developments in funding policies around the OECD suggests that the gap is widening. We delude ourselves if we think that these disparities are not carried over into reputational distinctions internationally. Australia is succeeding because the education on offer here is price competitive in relation to these competitors, because it remains accessible to students who cannot afford to study in North America or Britain, and because Australia has seemed a safe and essentially welcoming destination.

It matters profoundly, going forward, that Australian higher education trails its major international competitors in relation to international perceptions of quality, for in the long run these international reputational judgements will become normative even for prospective Australian students and their parents. In a higher education world without boundaries, the best and brightest will in increasing numbers be tempted to go abroad to obtain their crucial first professional qualification and, in the process, will build their primary professional networks outside Australia. International perceptions about the quality of Australian higher education correlate highly with international differences in the resourcing of higher education.
Appendix 3.2

Example: List of Concepts in Order of Frequency (UMelb)

<table>
<thead>
<tr>
<th>Concept</th>
<th>Absolute Count</th>
<th>Relative Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>students</td>
<td>136</td>
<td>100%</td>
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<td>universities</td>
<td>129</td>
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<tr>
<td>research</td>
<td>103</td>
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<tr>
<td>education</td>
<td>98</td>
<td>72%</td>
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<tr>
<td>quality</td>
<td>57</td>
<td>41.9%</td>
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<tr>
<td>Competition</td>
<td>44</td>
<td>32.3%</td>
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<tr>
<td>staff</td>
<td>42</td>
<td>30.8%</td>
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<tr>
<td>community</td>
<td>42</td>
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<tr>
<td>programs</td>
<td>41</td>
<td>30.1%</td>
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<tr>
<td>world</td>
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<td>29.4%</td>
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<tr>
<td>growth</td>
<td>39</td>
<td>28.6%</td>
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<tr>
<td>funding</td>
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<td>28.6%</td>
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<td>levels</td>
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<td>development</td>
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<td>policy</td>
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<td>17.6%</td>
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<tr>
<td>information</td>
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</table>
Appendix 3.3

Example: Concepts Related to Concept of *Competition*

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<tr>
<th>Concept</th>
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</thead>
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<tr>
<td>quality</td>
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<tr>
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<td>programs</td>
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</tr>
<tr>
<td>range</td>
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<td>2.2%</td>
</tr>
</tbody>
</table>
Appendix 4.1

Plain Language Statement

1 December 2005

Professor xxxxxxxxxx
Vice-Chancellor, xxxxxxxxxx University
Address xxxxxxxxxxxxxxxxxxxxxx
xxxxxxxxxxxx xxxxxxxx xxxxxx,

Dear Professor xxxxxxxxxx

INVITATION TO PARTICIPATE IN A RESEARCH PROJECT
PROJECT INFORMATION STATEMENT

You are invited to participate in a research project which I am conducting in fulfilment of the PhD degree at RMIT University. My PhD supervisor is Professor Kosmas Smyrnios, Director of Research, Department of Management, RMITU. This information sheet describes the project in straightforward language, or 'plain English'. Please read this sheet carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the project, please ask one of the investigators.

Project Title:
• “The Quest of the Australian Public Universities for Competitive Advantage in a Global Higher Education Environment”

Investigators:
• Mr Don Bradmore (PhD Candidate, Department of Management, RMIT University, don.bradmore@rmit.edu.au)

• Prof. Kosmas Smyrnios (Project Supervisor: Professor, Department of Management, RMIT University, kosmas.smyrnios@rmit.edu.au, 9925-1633)

Why is this research being conducted?
• This research is being conducted in fulfilment of the requirements for the degree of Doctor of Philosophy in the Department of Management, Portfolio of Business, RMIT University. The project has been approved by the RMIT Human Research Ethics Committee.
Why have you been approached?

- Part of the investigation involves the interviewing of senior academic and administrative staff in a representative sample of the Australian public universities. The universities at which interviews are to be conducted were selected at random. Your contact details were obtained via the Internet from the website of your university.

What is the project about? What are the questions being addressed?

- In recent years, considerable concern has been expressed about increasing competition in the global higher education sector and the impact of this upon the viability and success of the Australian public universities. Many consider that the Australian universities face an uncertain future (Aitken, 1997; AVCC, 2002; Brett, 2000; Coaldrake & Steadman, 1998; Coaldrake, 1999; Marginson, 2002, 2005). Universities are deeply concerned about their ability to withstand environmental forces that presently confront them (Karmel, 2000; Peacock, 2005). Rapid intensification of competition is a major concern (AVCC, 2005; Maiden, 2005; Marginson, 2004; Phillips, 1997; Stanley, 1997; Whyte, 2001). In domestic and international markets, universities are locked in expensive battles for the level of recognition that attracts best students and staff (Perry, 2005). Partial deregulation of the current system has allowed strong overseas rivals, many using new communications and information technologies, to enter the domestic market (Cohen, 2005; Davis, 2005; Healy, 1998; Moodie, 2005). New providers are emerging, offering tertiary education and training in non-traditional ways (Ryan, 2001). This situation is exacerbated by reduction in per capita funding by government and the consequential need to find alternative funding sources (Brown, 2005).

- The primary aims of this research are: (i) to gauge the current level of concern of the Australian public universities with increasing competition; (ii) to identify and describe the response of universities to the competitive challenge; (iii) to determine the theoretical underpinning of the response; (iv) to develop a more appropriate framework or model (than those that are currently available) to guide competitive behaviour in universities.

- It is anticipated that 3 senior staff will be interviewed in each of 5 universities. In addition, approximately 6 higher education “experts” from organisations including AVCC, DEST and State Government Ministries of Education will be invited to participate – a total of approximately 21 interviews.

If I agree to participate, what will I be required to do?

- If you agree to participate, I will come to your office at a time that is convenient for you to conduct an interview with you. The duration of the interview will be approximately 30 minutes. During the interview, I will seek your response to questions including: What is the level of concern at your university with increasing competition in the global higher education sector? What specific impacts, if any, are increasing competition having on your university? What competitive forms (e.g., domestic rivals, foreign universities, alternative providers of tertiary education) do you see as representing the most serious challenge? What broad strategies do you have in place in response to increasing competition? What are the constraints, if any, upon the ability of your university to withstand increasing competitive pressure? What frameworks, models, theories or principles guide your competitive response?

What are the risks or disadvantages associated with participation?

- There are no perceived risks outside your normal day-to-day activities. I will, however, seek your permission to tape-record the interview so that I can make an accurate written transcript of it. If you do not wish the interview to be tape-recorded, your wish will be respected. A typed transcript of the interview (or summary, if the interview is not tape-recorded) will be returned to you within three weeks of the interview to enable you to make any deletions, corrections or amendments that you see fit.

- If you are unduly concerned about your responses, or if you find participation in the project distressing, you should contact Professor Kosmas Smyrnios, Department of Management, Portfolio of Business, RMIT University, as soon as convenient. Professor Smyrnios will discuss your concerns with you confidentially and suggest appropriate follow-up, if necessary.

What are the benefits associated with participation?

- I am not aware of any direct benefit that will come to you as a result of your participation. However, I am confident that your contribution will enhance my research, and that the insights you can provide will be of benefit to the university community generally.

What will happen to the information I provide?

- Any information that you provide can be disclosed only if (1) it is to protect you and others from harm, (2) a court order is produced, or (3) you provide the researchers with written permission.

- The information you provide is intended for use solely for the purposes of this research project. Results will be disseminated in the form of a PhD thesis. Parts of the research may also be used as the basis of academic journal articles or conference papers.
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- No use of the information you provide will be made in any published form without your prior written informed consent.

- You will not be identified (either by name, position or title) in any published form without your prior written informed consent.

- Upon completion of the research, all interview materials (tape-recorded and typed) will be kept securely at RMIT University for a period of five years before being destroyed.

What are my rights as a participant?
As a participant in this research project, you have the right:

- to withdraw their participation at any time, without prejudice.

- to have any unprocessed data withdrawn and destroyed, provided it can be reliably identified, and provided that so doing does not increase the risk for the participant.

- to have any questions answered at any time.

Whom should I contact if I have any questions?
- Should you have questions, please contact Professor Kosmas Smyrnios, Department of Management, Portfolio of Business, RMIT University (03 9925.1633); kosmas.smyrnios@rmit.edu.au

What other issues should I be aware of before deciding whether to participate?
- I am not aware of any other ethical issues in this research of which you should be made aware.

Yours sincerely

Donald J Bradmore
PhD Candidate, Department of Management
RMIT University

Kosmas Smyrnios PhD
Professor and Director of Research

Any complaints about your participation in this project may be directed to the Chair, RMIT Human Research Ethics Committee, University Secretariat, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 1745.
Details of the complaints procedure are available from the above address.