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Case Study Higher Education System in India: Future Strategy and Flexibility

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Abstract

India is known for its huge pool of young manpower and has significant advantages in the 21st century knowledge race. With a large technical manpower finding employment in the developed countries and a tremendous boom with the upcoming of outsourcing and offsite projects, mainly being transferred to India, the current Indian educational system has undergone a paradigm shift and still undergoing strategic changes. The key advantage that India has is, producing a large number of highly skilled technical manpower at a fast pace after setting up of management and engineering institutes under various set ups. Here, we will discuss about the present day technical education system of India, challenges that it is facing and if the strategies of flexibility, Continuity and Change management, as applicable to the Industry is equally valid in the higher education sector of India. And discuss future strategies to make higher education system truly world class.

Keywords: *Challenges, Future strategies and Flexibility, Higher education service system, quality education, Private partnership, Technical education.*

Introduction

The Indian higher education system has grown several folds since the time of Independence. This is evidenced in the Figure 1. Indian Education System is by far the largest capitalized space in India with government spend of $30bn (2006; at ~3.7% of GDP, it is in line with the global average). For the 11th 5-year Plan, the Centre has allocated a six time higher spend on education. Importantly, the extent of the spends have created one of the 'largest' education networks globally of approximately 1m schools and 18,000 higher education institutes (HEIs) in India, home to the largest population within the age group 0-24 years(*Vora and Dewan, 2009*).

India has shown an amazing growth trajectory but is still considered as an emerging country in higher technical education. And, while private players have been active in the formal Indian education system for a few decades, the 'not for-profit' mandate has kept profit-driven corporate sector away from the $40bn opportunity. Further, with the rise of a more utilitarian and service-oriented view of the end users, the core principles of the education sector must be reformed.

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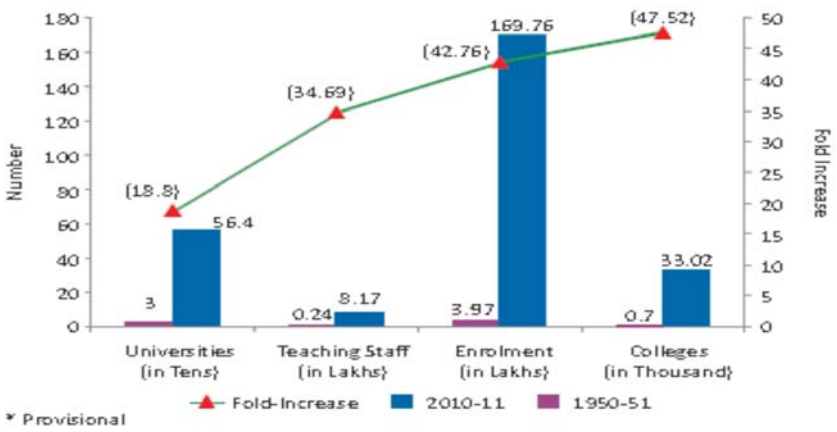

Figure 1: Growth of Higher Education Institutions in India 2002-2012

Today, India is one of the largest technical higher education systems in the world catering to about one million students. This number although seems very high is actually just the 7% of the population in the relevant age group. Figure 2 represents the growth in Private Technical Higher education Institutes in India.

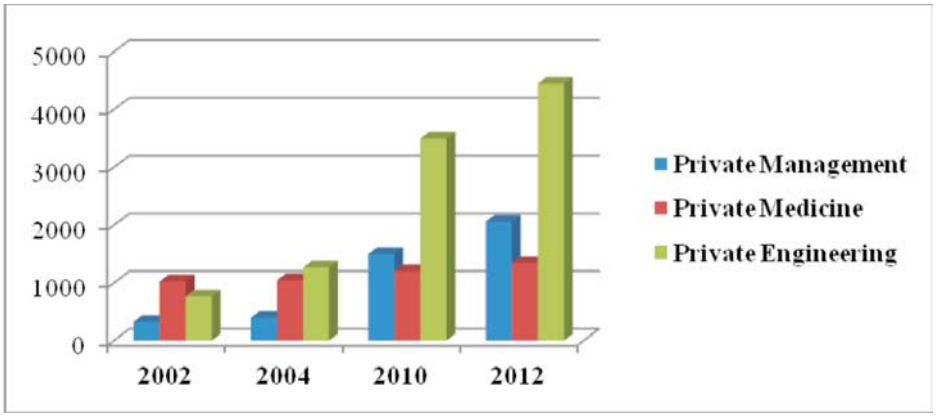

Figure 2: Growth of Private Higher Institutions 2002-2012

Source: Compiled from Thorat (2006), UGC Website, 2012; Peoria (2010)

At the same time, due to globalisation foreign entrants in the education sector has also increased. As per a study conducted by the Association of Indian Universities (AIU), 631 foreign education providers (440 from home campus, 5 campus in India, 60 programmatic collaboration, 48 twinning arrangements and 77 others) were operating in the country in 2010.

Strategic Flexibility

For years, many organizations had a sound and healthy business model. However, conventional business models have become outdated and recommend for new and innovative business models. The elevation of domestic and global competition has forced firms to examine all resources at their disposal in order to gain competitive advantage (*Barney, 1991; Hamel and Prahalad, 1994*). While Eisenhardt (2002) argues that the global unstable and unpredictable business conditions are making 'strategy' temporal. Facing these challenges, marketing managers and their organizations are forced to be alert, learn quickly, transform ideas quickly into action, and

revise marketing plans continuously. The market dynamics have created the urge to shift the management focus from "wait and react" to "anticipate and create".

The term strategic flexibility has recently come into wide use to denote an organization's various abilities to respond effectively to various aspects of a changing competitive environment. It has also been defined as "a firm's abilities to respond to various demands from dynamic competitive environments," (*Sanchez, 1995*). Numerous authors have proposed that in dynamic or uncertain environments, flexibility promotes organizational effectiveness and survival (*Miles & Snow, 1978; Weick, 1979*). Flexibility is not a static condition, but it is a dynamic process. Time is a very essential factor of organizational flexibility *(Volberda, 1998)*.

Hitt *et al*. (1998) and Sushil (2005) state that the success in any organization depends on the creation of flexibility and on the ability to balance stable and fluid states i.e. Managing of continuity and change drivers and forces together. Creating strategic flexibility in business markets is not just a matter of choosing the right strategy. It requires the creation of the right organizational preconditions (dynamic capabilities) and of infusing value creation and market focus into the notion of strategic flexibility (*Shimizu & Hitt, 2004*).

Indian Higher Education Sector: From Public Good to a Service Industry

Thinking of the average middle class changed and the aspirations increased to cope with the international standards. This realization, coupled with the severe limitations of publicly funded higher education institutions and the greater purchasing power of the middle class, is a clear indicator that Indians are prepared to pay rather than be denied due to huge competition. There is an increased awareness among the people, particularly the students passing out of schools, of the vital importance of higher education for socio-cultural and economic development and for building the future and all round development of the society in India.

Higher education meets many of the conditions identified by Barr (1994) as characteristic of a private good, acquiescent to the forces of the market. First, higher education cannot be treated as a purely public good. That is because it demonstrates conditions of *rivalness* (limited supply), *excludability* (often available for a price), and *rejection* (not demanded by all). Managerial practices in the higher education sector have transformed as the higher education service providers inculcate a market orientation (Buchbinder, 1993). Interestingly, in the 12th schedule of GATT, education has been listed as a service and is fast becoming a tradable commodity. In fact, Winter *et al*., (2000) argue, Institutions are adopting aggressive promotional strategies and differentiating themselves to maximize student output and income generation.

With the paradigm shift of higher education from the public good to a service industry, the higher education went through tremendous changes. With the opening of the Indian economy, the entrepreneurial spirit of the Indians was unleashed. The new breed of entrepreneurs saw a big opportunity in meeting a huge unmet demand for job-oriented education and training. This resulted in a huge expansion of private higher education and training sector in the country; in particular the higher technical education sector.

Macro View: Continuity and Change Factors Indian Higher Education Perspective

Higher education institutions today are facing the issue of responding continually to an environment which is increasingly dynamic, complex and uncertain as a consequence of demographic changes, a more global economy, the "hypercompetition", or knowledge-based competition (*Daft and Lewin, 1993*).

Following global patterns *(Kinser and Levy, 2006; Jing, 2006)*, it is noted that in the Indian private higher education, there is tremendous legal ambiguity and the borders between for-profit and non-profit are blurry and evolving *(Levy, 2008)*.

The Indian private higher education sector has an issue of duality, as even though the government has put a restriction on them that they cannot earn profits, they still have to run as an enterprise. The following issues seem to affect them the most:

- ***Unwillingness to Change:*** In terms of several indicators, India is now trailing behind several nations like China and Malaysia over which it had a clear lead even two decades ago. This is not because we are doing something differently from what we did in the 50's and 60's but precisely because we are not doing anything differently (Basu, Education Times 31st May 2010).
- ***Lifelong Customers:*** As Davis and Botkin articulate in *The Monster Under the Bed*, people have to increase their learning power to sustain their earning power. Davis and Botkin observe that colleges routinely say good-bye to their best customers at graduation rather than turn them into lifelong learners/customers.
- ***Heavy Infrastructure:*** Even the administrative infrastructure of the institutions of higher learning is not free from the strong hold of continuity forces. Whereas managers today think it is more important whether competency has been gained than how or from whom students learn.
- ***Technology:*** The technology affects the higher education usually in way the education is imparted or if the education is about technology itself. Either ways, it does not serve as a major continuity force as mostly the changes are minimal and can be easily incorporated.
- ***Core Competence:*** Major skills and technology are put in by the companies to create a competitively unique point and for a specific value addition for their customers. These skills require investments as well as skilled manpower which act as a hindrance to change in long run. Here, the core competence may be attributed majorly to the core/popular subjects offered by the institution, e.g. Engineering for BITS etc. These offer resistance in terms of changing the courses/addition of courses as they are unsure of the customer response to it.
- ***Performance:*** Highest performing institutions in private higher education, usually stick with their best performing subjects and courses. As the customer base is high and the courses are popular, they do not venture into a new course or even a new branch of the course already instilled. For example, BITS, Pilani is famous for its engineering course, however, it did not further venture into humanities or commerce.
- ***Culture:*** The work culture in the entire education system is more dependent on additional help such as coaching and additional vocational diplomas. Therefore, the emphasis on education and in-depth teaching is lost at times. The institutions still stick with the traditional way of classroom teaching.
- ***New Technology:*** Still there is resistance to require that all students possess a computer, yet institutions have no difficulty requiring students to purchase textbooks. Most of the institutions require our faculty to have Ph.D.'s., but few institutions stipulate proof of technological competency or teaching excellence in their new hires.
- ***Government Policies and Legislation:*** The problem of legality/ government policies has made it even more difficult for the private players to act autonomously. There are several governing bodies that overlap each other with respect to laws and policies. Most of the times, one institution is recognized by one of the councils and not recognized by the other. Maintaining all the parameters of all the councils becomes extremely long and tiresome process for any institution.
- ***Globalization:*** Customers are willing to pay for international standards and global curriculum,

even if it means an expensive education. The onset of students migrating to foreign universities started a comparison between the universities abroad and in India and therefore, brought forward the education reforms in India.

- ***Changing Customer Needs:*** The customers are becoming more educated, aware and therefore demanding. The needs have changed from just getting the degree to a better degree, dual degrees, job oriented curriculum, better infrastructure, facilities, campus placements, better faculty, industry experience etc. In a competitive environment, 'customer orientation' is becoming the mantra of success.
- ***Competition:*** While the growth of higher technical education providers has increased several times, seeing the wide potential and customer base in India; international providers are entering the Indian 'education market' in increasing number.
- ***New Opportunities:*** It requires major changes in the strategies, structure and systems to encash the opportunities posed due to liberalization. For the educators and the ones being educated, there is a plethora of new opportunities which are mutually beneficial for both. While the customers are getting a wide array of courses to choose from and join; the educators are benefited from the revenue generated from unusual courses, which are rare to find.
- ***E-Learning:*** The ICT changed the way people were taught, the virtual universities and online courses have changed the imparting of education itself. The Teacher sitting in one place can teach and interact with students from the various parts of the world. The reach of the business can be multiplied several folds due to this.
- ***Collaborations:*** The government regulations have not allowed any mergers and acquisitions in the Education Sector, however, an increasing number of universities are collaborating with foreign universities in courses such as dual degrees etc.

Upon investigation it was recognized that most of the above factors fall into the category of Continuity and Change forces as discussed by Sushil (2005) for any enterprise, where he defined the following:

Continuity Forces	**Change Forces**
• Customer Base	• Globalization
• Infrastructure	• New Opportunities
• Technology	• Competition
• Core competence	• Customer Needs
• Supply chain and Distribution network	• New Technology
• Culture	• E- Business
• Performance	• Mergers & Acquisitions
• Government policy & Legislation	

According to Sushil (2005), in order to map the position of an industry with respect to these forces a Continuity-Change (C-C) matrix is developed, as shown in Figure 3. This matrix has continuity forces (due to 'actors' and 'processes') on the x-axis and change forces (caused by the 'situation') on the y-axis. The level of either of these forces could be 'Low' or 'High'. The C-C matrix has been utilized by Gupta (2010) in the context of automobile industries.

Source: Adapted from Sushil (2005)

Figure 3: Continuity - Change (C-C) Matrix

Case Analysis

In order to gain further understanding of the Continuity and Change forces and the true utility of Strategic Flexibility, with the help of selected high and moderately performing cases, the nuances of managing continuity along with change and its linkage with the strategic outcomes of private higher technical education institutions in India was explored.

The steps in Flowing Stream Strategy methodology adapted for the case study may be enumerated as follows:

- Identifying continuity and change forces and mapping on C-C matrix.
- Conducting VDB (Vital Desirable Burdensome) analysis for continuity forces.
- Conducting Impact analysis of change forces.
- Comparison of the strategies used by both the institutions and their impact with respect to their performance.

Two private institutes (ABC Institute of Engineering and Technology and XYZ institute of Engineering and Technology) having more than ten years of operation in the field of providing higher education and operating in two different states of India were selected for analysis.

Continuity-Change forces

Using the Continuity and change forces as identified above, a questionnaire was developed and it was distributed for the purpose of collecting data on the institute and on the various continuity and change forces that were identified in the preliminary research. Tables 1a and 1b depict the comparative scores and the explanation of the rating for both the institutes respectively.

Table 1a: Comparative Scores and Explanation of Two Cases for Continuity Forces

Continuity Force	ABC Rating as per survey (31)	Explanation of rating	XYZ Rating as per survey (35)	Explanation of rating	Remarks
Customer Base	3.14	Never a problem as it is in NCR	3.48	Cut off % increasing being in top 5 in UP	Both institute have no problem in getting students
Infrastructure	2.87	Needs to invest in academic Staff Hiring.	3.05	Need to improve further in all area	Institutes are fulfilling just AICTE requirements
Technology	1.57	Needs more investment in teaching aids	2.7	Needs further investment in teaching aids	All private institute needs to invest in technology use for education
Core Competence	1.22	Needs to develop academic core competence	2.34	Needs to develop academic Core Competence	All private institute needs to develop specific core competence
Existing Culture of Institute	2.13	It has to come out of school culture and understand innovation in academics	2.86	Culture is supportive of faculty freedom but it needs improvement over all	It seems it will take long for private institute to adopt requirement of higher education
Performance	2.69	The performance is the biggest continuity force in its development	3.47	Performance is the biggest continuity force in its fast development	Performance measure is best on local standard only hence needs global out look

Table 1b: Comparative Scores and Explanation of Two Cases for Change Forces

Change Force	ABC Rating as per survey (31)	Explanation of rating	XYZ Rating as per survey (35)	Explanation of rating	Remarks
Globalization	1.58	Only talks about globalization but no action	2.41	Institute puts restricted efforts	Globalization is the biggest change force and effects all phases of the institution
New Opportunities	1.89	Institute has started Two M. Tech. Programs	2.54	Institute has started four M. Tech. programs	New opportunities can be availed by an institute only after supportive changes in Govt. Policies
Competition	2.51	Institute is aware about competition	3.03	Institute is investing to tackle competition	No one can avoid competition in a growing market
Changing Customer Needs	2.72	Not much being done	3.35	Improvements implemented, every year	Due to globalization, the customers have become more aware and institutions have to cater for those needs
Use of New Technology	1.42	Not even minimum investment	3.25	No sufficient investment	New technology will help in providing world class education
E-learning	1.42	Nothing has been done	2.13	Nothing has been done	E-learning is the main platform having potential to share knowledge
Collaboration	1.4	No collaboration established	1.5	No collaboration yet	Collaboration is way to share core competence
Change in Govt. Policy and Legislation	1.37	Govt. policy being is being exploited	1.67	Govt. policy being is being exploited	Main Regulator which can facilitate change
Global Standard	2.2	Institute does think of global standard but hardly does any thing	2.5	Institute does think of global standard but hardly does any thing	Main Change Force driving performance to make global institute

VDB Analysis of the Continuity Forces

While it may be seen that in case of ABC, the forces of continuity seem to have a moderate aggregate score i.e., 2.27 on the contrary, in case of XYZ it can be appropriately said that the continuity definitely has an important force upon the institution with an aggregate continuity score of 2.97. The various forces and the score have been graphically represented in the Figure 4 whereas, Table 2 depicts the actual Vital, Desirable and Burdensome Factors of Continuity effecting both institutions.

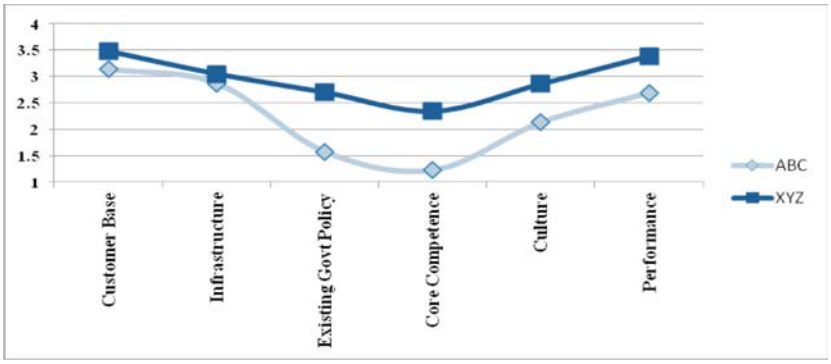

Figure 4: Comparative Continuity Graph ABC and XYZ Institutes

Table 2: Comparative VDB Analysis ABC and XYZ Institutes

	Criteria	ABC		XYZ	
		Continuity Variables	Value	Continuity Variables	Value
Vital Forces	>3	Customer Base	3.14	Customer Base, Infrastructure, Performance	3.48 3.05 3.39
Desirable Forces	2.5 to 3.0	Infrastructure, Performance	2.87 2.69	Govt. Policy Culture	2.70 2.86
Burdensome Forces	<2.5	Culture, Core Competence	2.13 1.22	Core Competence	2.34

Impact Analysis of the Change Forces

Upon analysis of the impact of the change forces on ABC Institute, it was evident that even change forces have a below moderate impact on the institution with an aggregate score of 1.83. On the contrary, XYZ Institute has a just above average impact from the change forces with an aggregate score of 2.52. The comparative scores may be seen in the Figure 5 while the Table 3 depicts the High, Moderate and Low Impacting factors on the two institutes.

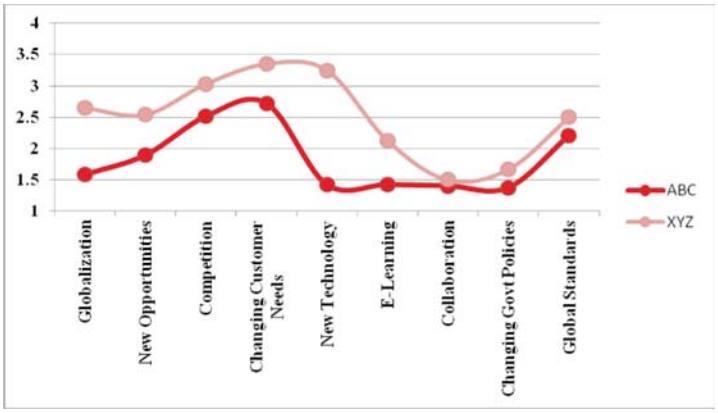

Figure 5: Comparative Change Graph ABC and XYZ Institutes

Table 3: Comparative Impact Analysis ABC and XYZ Institutes

	Criteria	ABC		XYZ	
		Change Variables	Actual Value	Change Variables	Actual Value
High Impact	>2.5	Competition, Changing Customer Need	2.51, 2.72	Globalization New opportunity Competition Changing Customer Need, New Technology,	2.65 2.54 3.03 3.35 3.25
Moderate Impact	2.5 to 2.0	Global Standard	2.2	Global Standard E-learning	2.5 2.2
Burdensome Impact	<2.0	Globalization New opportunity New Technology E-learning Collaboration Change in Govt. policy.	1.59 1.89 1.42 1.42 1.40 1.37	Collaboration Change in Govt. policy.	1.50 1.67

Comparison between the Strategic Flexibilities of ABC and XYZ Institutes

Comparing the two cases on a C-C matrix it can be seen that, while one is a 'Quick Encasher' the other one falls in the category of a 'Synthesizer'. Both of them have increased the number of institutions. However, ABC is just satisfied by increasing the number of institutions and its ranking in the last 10 years hasn't changed a much. On the other hand, XYZ did concentrate on increasing the infrastructure, at the same time; it invested on technology and created opportunities for further growth of the institution to achieve global standards. Figure 6 shows their present strategy on the C-C matrix.

Of course, the difference in the methodology of the two institutions of dealing with institute's affairs and its impact on their performance is very noticeable. Complementing their strategies, ABC remains as a moderately performing institute of the state, while XYZ is one of the best private technical group of institutions in its state.

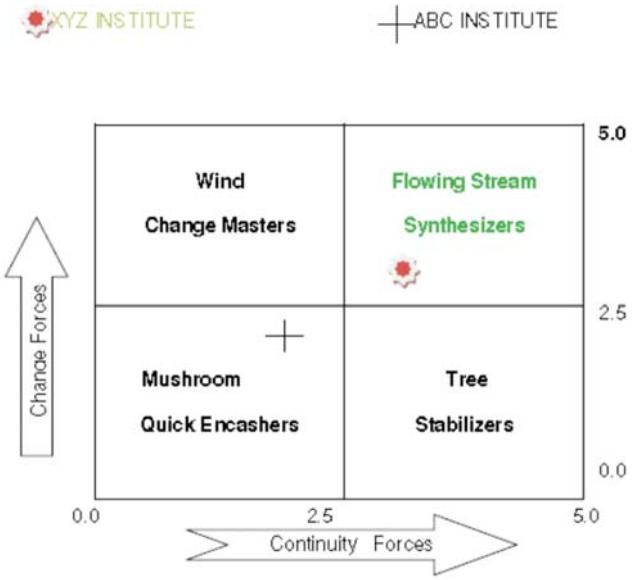

Figure 6: Present Strategies of ABC and XYZ Institutes

Findings and Conclusion

Upon treating the private instates of technical higher education and investigation of the cases as enterprises, the following were the key findings:

- Private Technical Higher education institutes can indeed be treated as enterprises and there has definitely been a shift in the perspective of the Managers, where education has become an industry rather than institutions of social sector.
- Theories of Flexibility, strategy and Continuity and change forces are equally applicable and predominant in the private technical higher education institutions, and can be utilized by various institutions to achieve global standards.
- Case analysis indicates greater focus is given on managing change forces than continuity forces.
- A difference in the performance category of the select two cases has been observed.
- While the XYZ Institute of Engineering and Technology improving their positions as a good performing institute, ABC Institute of Engineering and Technology has been rated as moderately performing institute and has mushrooming nature.
- XYZ was identified as an institution using Strategic Flexibility as a means to manage change and continuity while ABC seemed to be a 'Quick Encasher', trying to only focus on current revenues rather that building an enterprise.

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Key Questions

1. How to validate elements of continuity and change forces in present scenario in Private Higher Technical Education?
2. What are the changes in government policies required to facilitate private higher education institutes?
3. What are the other strategies working for an industry that may function well for the education sector?
4. What policy measures at micro and macro level are required to manage continuity and change forces well?
5. What Strategic changes must be inculcated in present system of private technical higher institutions to finally reach "Synthesizers" stage as an industry and not just the institute level?

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