ISSUES OF COMPETITIVENESS IN NON-PUBLIC UNIVERSITIES IN POLAND

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Abstract

Background. This article focuses on the issues of competitiveness in non-public universities.
Research aims. The aim of this paper is to cognize the specific nature of non-public universities’ operations. Moreover, the purpose is to attempt to theoretically locate the strategies employed by schools of higher education within the context of the challenges posed by the existing market reality.
Method. The theoretical analysis has been conducted in line with the emergence of new trends in strategic management.

Key findings. Cooperation with the best universities abroad and in the country is highly recommended in order to enable achieving competitive advantage, which can be gained mainly due to sharing experiences and joint teaching modules, research and conferences. Increased competition and difficult situation on the market diminish the chances for growth and development for the non-public universities. Only to the best ones can resist - those with high intellectual capacities, excellent image, most useful offer and collaborating with other universities and enterprises.

Keywords: Competitiveness of university, Strategy of higher school, Non-public universities

INTRODUCTION

This study examines the issues of competitiveness in non-public universities. The change dynamics within the environment of institutions of higher education, e.g. the demographic low, increasing domestic and foreign competition, and institutional changes determine the continuous restructuring of non-public universities. The postulated effectiveness of maintaining sustainable competitive advantage hardly reflects the volatility, precariousness, and imbalances within the environment of this kind of organisation. The purpose of this paper is to demonstrate the specific nature of non-public universities’ operations and attempt to theoretically locate the strategies employed by schools of higher education within the context of the challenges posed by the existing market reality. The theoretical analysis has been conducted in line with the emergence of new trends in strategic management.

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REVIEW

The Issues of Competitiveness and Competitive Advantage in Non-Public Schools

Non-public schools of higher learning have been operating in Poland for nearly 22 years. The establishment of non-public universities was soon followed by their rapid growth. New courses were created, the gross enrolment ratio increased and so did the competition for public schools. Since the academic year 2005/2006 the number of students in Poland has been plummeting. In the academic year 2010/2011 there existed 328 non-public schools of higher learning with the total enrolment figure of 580,016, as compared with the overall national enrolment figure of 1,841,251 (data published by the National Office of Statistics (GUS)).

Since then the number of non-public universities has been decreasing, several dozens of them endured bankruptcy, and it is expected that within the next 10 years the number of non-public universities will go down to several dozens.

In recent years, instead of the previously most popular courses of study, e.g. economics, administration, pedagogy, humanities, sociology, or information technology, students have been increasingly showing interest in medicine, security, architecture, construction, modern logistics, etc.

The deepening demographic low (in the next few years a significant drop in the number of secondary school graduates is expected – by approx. 40%) causes that non-public universities that wish to survive on the market and develop their available curricula must achieve a competitive edge over other schools of higher learning through the proposed quality of education.

According to the Group of Lisbon (1996, p. 13), competition is one of the forces driving technological innovation and productivity growth, stimulating higher human aspirations and possible record-breaking achievements. It also means a process through which market players pursue their vested interests, try to present more competitive offers in terms of prices, quality, or other characteristics that inform them of the decision to transact (Kamerschen, Kenzie & Nardimelli, 1991, p. 47). The competition tools most frequently applied by businesses include: (a) product quality, (b) price levels, (c) terms of payment, (d) intimate customer relationships, (e) timely deliveries, (f) price discounts, (g) product customisation, (h) business reputation and (i) promotional prices (Stankiewicz, 2002, p. 115).

For non-public universities, the success factors on the competitive education market comprise of quality and curriculum, tuition fee levels, payment frequency (once a month, year, term), survey of graduates’ employers, close relationships with future students, grants and tuition fee discounts, tailoring the curriculum to the labour market’s needs and tuition
fee promotions for students. For these institutions of higher learning a particular role is played by their standing, as measured by their position in the rankings, recognition within the academic circles, teaching level and programme, researches and publications, academic and research staff, technological and physical base, innovations, status (e.g. university, academy, undergraduate or graduate college), etc.

**Competition Criteria and Strategies**

Classical strategic management theories assume that it is possible to maintain competitive advantage over a long period of time. The conditions necessary to achieve and maintain such an advantage are defined by a part of the firm resource-based theory (Barney, 1991; Wernerfelt, 1984) which indicates the general cause-effect interrelation in which the resources are the key factor of achieving economic rent.

In monopolistic competition and its oligopolistic version, in contrast to the resource-based competition, a competitive advantage is built, e.g. on price collusions between competitors who determine their market shares and prices with a view to discouraging potential new players (Thomas & D'Aveni, 2004). In resource-based competition, on the other hand, profits represent the rents obtained from special resources or intangible assets, and then the differences in competitive advantage may be highly significant (Wernerfelt, 1984; Barney, 1991; Peteraf, 1993, p. 119). Notwithstanding the differences, both types of competition are focused on sustaining the existing position for as long as possible. Corporate strategists seek methods of constraining competition, and above-average performance may only be achieved on markets with imperfect competition. The postulated effectiveness of maintaining a sustainable competitive advantage hardly reflects the volatility, precariousness, and imbalances within the environment of universities. In the context of the considerations on the external conditions and environmental volatility, Schumpeter speaks of “gales of creative destruction” (Schumpeter, 1995, p. 102) which cause imbalances and to which each firm is exposed from its very beginning (Schumpeter, 1995, p. 102).

Jacobson has promoted the view that competitive advantage and above-average profits may only be temporary. This is so because innovations bring about changes that generate market imbalances. Competitors, however, emulate the strategies that are conducive to high performance for as long as they achieve fair profits (Jacobson, 1992, p. 782-802). Nelson and Winter have claimed, in the evolutionary spirit, that extraordinary performance is generated by business innovation and imitation cycles which create a fixed imbalance, even though some firms can achieve a relatively stable performance over a relatively short time (Nelson & Winter, 1982).
The concept of hyper-competition, i.e. "high speed competition", created by Brown and Eisenhardt, characterises the external environment of an organisation operating under the circumstances of unusual pace of technological development and changes, caused by rivalry and revaluation of numerous industry profiles. As well as by changes provoked by deregulation, globalisation, increasing number of substitutes, and the ever stronger presence of better educated and individualised customers (Brown & Eisenhardt, 1998).

For non-public universities in Poland the technological changes, globalisation, more demanding future students, graduates' employers, enhanced competition, deepening demographic low, and the economic crisis cause competition to "gain speed" and head for hyper-competition. These circumstances are conducive to restructuring and for making incessant changes. The transformations taking place in schools of higher learning require, just like under the circumstance of hyper-competition, dynamic strategy building based on competitive advantages that are rather evolving than permanent.

The criteria conditioning the given firm's competitive position include: its cost position, image on the market, technical skills and technological mastery, economic and financial standing (Strategor, 1999, p. 69).

For non-public schools of higher learning market position may be measured by the organisation development dynamics (including the number of scholars, students, courses of study, right to confer doctoral degrees, ongoing researches, non-resident branches, physical and technological base). The cost position comprises of the tuition fee level, promotions and student grants, lower cost levels with comparable parameters, structure, fixed and variable costs dynamics, expenditures for school promotion, development, research, and innovations. The firm's image is affected by the foregoing factors, as well as by international collaboration, position in the rankings, prizes, awards, and image induced in students and graduates based on the effects of the school's activities. The school's technical skills and technological mastery rely on the existing physical base, technical workrooms, techno-didactic equipment, didactic aids and skills of their practical operation, use of effective teaching methods, etc. Other important factors are the school's economic and financial standing, bank account balance, deposits, possible credits and real property in possession.

For schools of higher learning, competitive advantage may apply to those with more effective promotion, lower tuition fees, courses of study or specialisations that are relatively better, more modern, or better adjusted to market needs, more effective teaching methods, physical and techno-didactic base, academic staff, better quality of teaching and research, better image, higher position in the rankings, etc.
Universities also employ market emulation in respect of the foregoing measures that are frequently modified relative to the school's capabilities.

With regard to competitors, Oblój (2000) distinguishes such strategies as confrontation and competition avoidance, and supplements them with the market niche strategy based on, e.g. the logic of attracting business through relatively low prices. Successful application of the confrontation strategy is relative to the school's resources, its market position, functional capabilities, and the competitors' strengths in this respect (Oblój, 2000, p. 101).

Describing the selective impact strategies, Wrzosek (2001) has posited that not all spheres of competitors' activities are equally resistant to external factors. It is useful to analyse the strengths and weaknesses of the competitors' business operations and evaluate the instruments they use to create competitive advantage. The results of this analysis may be used to expose the competitors' weaker links so as to reduce their market competitiveness in respect of, e.g. marketing, promotion, high costs and innovation. This is how competitive advantage is built on the competitors' weaker links (Wrzosek, 2001, p. 49).

Collaboration involves all kinds of cooperation between firms (universities) that do not compete with one another nor with their direct competitors. A combination of resources strengthens the cooperating firms and may lead to the synergy effect, thus reducing competition. Such actions frequently augment the use of analogy (Surma, 2010) in the operations of non-public universities.

**Competitiveness and Restructuring Processes**

Non-public schools in Poland are undergoing restructuring processes in order to increase their competitiveness and position at home and on the global market. One reason for these transformations is the heightened competition between universities aiming to achieve high positions in the rankings and so-called “world class university” status. The concept of a world class university, according to Altbach (2004), involves the pursuit of excellence with regards to research and academic freedom which is the foundation on which to build the academic environment that would intellectually stimulate intrinsic self-governance.

According to Watson, the idea of a “world class university” is founded on a good understanding of the world, values and cultures of various communities; on working out the methods of influencing the economy, environment and social groups, and building trust and finding the ways to become a global partner (Watson 2006, p. 13).

Schools of higher learning established in small European towns help diversify higher education, increase students' access to universities, ensure social mobility, better satisfy market needs, and enable mass, rather than elite education.
A non-public school of higher education, in a situation in which practically its sole source of income are tuition fees paid by students, has to choose a specialisation in order to survive and focus on developing selected courses of study, skills, and vie for the best possible achievements in these fields of study. To paraphrase M.E. Porter, it may be concluded that the essence of competitive advantage of non-public universities is their superior or different operational method than that chosen by its competitors (Boroujdiecki, 2001, p. 18).

According to Romanowska (2001), operational strategies should be adjusted to the firm’s resources, and to best utilise its unique resources which are then always linked to a unique skill of their use. Strategic management involves such a positioning of university against its environment that will help to achieve its long-term objectives. Basically, it is about providing better customised products than those offered by competitors, a unique product range and an exceptional set of advantages (Romanowska, 2001, p. 27).

The operational strategy should be adjusted to the firm’s resources. For a non-public university intangible resources are of primary importance, in particular the people and their knowledge, intellectual assets contained in the researches, publications, patents, documentation and databases. In turn, physical resources, in this sense, comprised of the technodidactic aspects, cash in the bank and real property in possession.

The dynamic changes taking place in the environment of schools of higher education, e.g. the deepening demographic low, growing domestic and international competition, are the cause of the ongoing restructuring and continuous changes in non-public universities. In nature, these changes are selective and thorough (radical). They encompass significant areas of activity and usher in more permanent transformations (Kuriatkowski & Edvinsson, 1998).

One condition for such changes is to restore the firm’s internal balance, or the balance with the environment, by improving its performance, goodwill, and competitiveness.

The results of education market surveys, firms’ and students’ demand for knowledge and skills, and the ongoing changes in the environment of non-public universities cause them to adjust to such changes, predict them and take pre-emptive measures.

The chance of success is heightened for intelligent universities – those which possess extensive intellectual resources, invest in their human resources and research and development, and boast good economic intelligence (Sobczak, 2006, p. 176).

The most successful universities are those which are the best in certain fields of study and focus on the development of selected competencies, and modern universities that apply the latest teaching technologies
and utilise innovative teaching methods and contents practically, and create new courses of study and specialisations. They take into account both the low cost and diversification strategies, and the resource-based approach as well. In many instances this is not possible without cutting the costs of teaching, increasing the number of students, and allocating the available funds to employ outstanding scholars, conduct research, introduce innovations, etc.

The competitive advantage of a non-public university relies on the level of its research and academic staff – the intellectual capital – i.e. knowledge and the skills of its practical applications, permanent excellence, capabilities of managing research teams, conducting seminars, the level of doctoral dissertations and other scientific and research works. The level of the practical skills of specialists conducting seminars is also important, overseeing vocational internships, and the skills of using this knowledge at the time of the classes. Intellectual entrepreneurs that manage universities synthetically play the roles of entrepreneurs, managers, and scholars (Sobczak, 2006, p. 179).

**Competitiveness and Innovations**

As mentioned before, competitive advantages of non-public universities rely on modern technologies and broad innovations. It is of primary importance whether the given school is equipped with modern devices, instruments, means of communication, employs effective technologies and efficient management systems, improves its operational conditions and methods that are conducive to development.

Innovation is crucial to increased attractiveness and competitiveness of the firm’s offer, which has an impact on the market (domestic and foreign) development and determines the firm’s position within its environment. Any original applications of new techniques and technologies (including IT) that improve the quality of education services and research works, and streamline university management may be deemed innovative. In the process of creating and applying innovations, the knowledge, skills, and creativity of academic staff and the school’s financial potential are of particular importance. Additionally, innovations are further supported by organisational flexibility, communication speed, possible adjustments to changes on the education market, and a favourable climate for innovations. Apart from the above, the forging of innovative attitudes within schools, including the quality of teaching and research, is also facilitated by the industriousness of managers and academic teachers, development of the interest in innovations and their successful implementations.

It is very important to skillfully exploit the findings of surveys of market demand for certain specialisations, courses of study, and to create them within university (e.g. the Społeczna Akademia Nauk has created
such courses of study as: logistics, national security, surveying and cartography). It is about effectiveness, understood as a fast, economical, and flawless implementation of certain decisions (seizing market opportunities) (Eisenhardt, Furr & Bingham, 2010, p. 1263–1273).

A higher school’s organisation, image building, competitive advantages and innovations implementation are largely informed by its resources of intellectual capital. One definition of this capital has been proposed by Edvinsson (2010) who, using the metaphor of a tree for intellectual capital, depicted its two functional areas. The first one is the tree crown – an area noticeable to the firm’s environment, including customers (students and graduates), competitors and firms and institutions working closely with the university – representing its external image, as created by its marketing strategy, HR policies, sustainability policies, business alliances, achievements, i.e. everything we want to and have to show to the environment. The tree roots symbolise internal intellectual capital – staff help create the real value and this is an area of direct creation of intellectual capital.

Apart from outstanding scholars, who teach and research, the university’s image and performance are also built by prominent practitioners, frequently very successful in business. The Społeczna Akademia Nauk in Łódź maintains a Business Council whose members work closely with the university on creating modern teaching programmes and modules, specialisations, conduct classes for students and organise vocational internships.

**Competitiveness in Non-public Universities**

An effective student competition system organised by tutors, who advise students on educational matters and grant opportunities, is conducive to a high level of education. A system combining incentives, innovations, and modern teaching methods helps to improve teaching levels and, consequently, the graduates’ education levels.

Non-public universities maintain regular contact with firms, organise student career bureaus and graduates associations. Such activities are conducted by the Społeczna Akademia Nauk, whose position and authority among firms and institutions is conducive to such contacts. Courses, workshops, internships, business simulation classes (situational case methods, projects, management games, etc.), student work experience programmes and study trips to companies give a number of students attractive job opportunities. In this context there exists the need for an effectiveness balance, which can be understood as a combination of certain permanent advantage-supporting routines and are flexible (Eisenhardt et al., 2010, p. 1263–1273) with the cognitive sphere of the strategy. Cognitive diversity applied, e.g. in problem solving, may translate into reduced costs of resource consumption and increased added value of services. I believe that the activities of graduates association and academic staff’s cooperation
with graduates may help to balance effectiveness and flexibility. When a university shows interest in graduates’ professional careers, provides career counselling, helps to seek or change their job, this also translates into numerous initiatives concerning the school’s organisation and remodels the traditional university into a modern-day school strongly bonded with its graduates.

Concurrently, modern curriculum contents, courses of study and study modules tailored to students’ needs help to develop cost advantages ensuing from teaching a large number of students. This enables schools to achieve their overarching objectives, e.g. to conduct researches, employ reliable practitioners with reliable credentials, and successful business managers, invite distinguished scholars to conduct classes, and individualise tuition.

**Competition, Collaboration, and Coopetition**

In order to achieve a competitive advantage over other universities it is necessary to collaborate with the best universities at home and abroad. This enables schools to create mutual tuition modules and contents, exchange research and didactic experiences, and organise joint conferences. Non-public schools of higher learning are involved in both competition and collaboration between universities.

Hamel, Dozi and Prahalad (1989, p. 133-139) have observed that collaboration between firms is fashionable, and formulated its principles:

1. Collaboration is a different form of competition (a partner may get to know his rival better, so as to defeat him in the end).
2. Harmony is not the most important measure of success. Occasional conflicts may be proof of reciprocally beneficial collaboration.
3. Collaboration has its limits. A strategic alliance is an ever-evolving negotiation about the possible area of collaboration.
4. The most important challenge in an alliance is to learn from your partner. Such collaboration is a “window” through which to peep into your partner’s capabilities, and a window of opportunity for your own development.

To define the relationship between two enterprises that both compete and collaborate with each other, Brandenburger and Nalebuff (1995) have introduced the term “coopetition”. Coopetition is one of the most advanced forms of corporate development. It is a combination of concurrent competitive and collaborative relations between firms, which retain their organisational independence, created to pursue specific strategic objectives in the given and extended time (Brandenburger & Nalebuff, 1995, p. 57-71). This is a strategy of mutual creation of value under the circumstance of partial coincidence of objectives while retaining competitive relations. Coopetition is an example of the paradox that occurs in relations between
business organisations, it combines two opposing notions: rivalry and collaboration (Jankowska, 2009). It has been posited that rivalry takes place under market conditions, and collaboration – under the circumstance of market hierarchy.

In the resource-based theory, a competitive advantage results from a combination of specific, hard-to-imitate tangible and intangible resources. The resource-based theory explains the motivations for coopetition: firms enter into collaboration and agree to share their resources primarily to get access to the unique resources of their competitor (Jankowska, 2009).

Non-public universities collaborate to create mutual studies, e.g. undergraduate, graduate, or postgraduate studies, mutual study programmes, tuition modules, research works, conferences, publications, etc. In order to achieve competitive advantage over other schools of higher learning it is necessary for non-public universities to collaborate with the best universities at home, and more than that. For instance, the Spółczna Akademia Nauk in Łódź collaborates (and concurrently competes) on the education market under a long-term agreement with Jagiellonian University in Krakow. As part of the collaboration the two schools develop mutual didactic programmes, joint conferences and researches conducted by the Faculty of Management and Social Communication, and the Institute of Public Affairs of that University. The Spółczna Akademia Nauk collaborates with a number of schools of higher learning at home and abroad to develop didactic and research projects by organising joint researches, conferences, and publications. Following the audit of the Spółczna Akademia Nauk by the US Accrediting Commission, together with the US-based Clark University we organise mutual Polish-American studies involving nearly 300 students who study along the lines of an American and Polish education programme, and on completion they boast both the Polish “magister” and the American “Master’s” degree conferred by that renowned American university. The final semester of the studies may be completed in the USA.

The long-term cooperation agreement with the Medical University in Łódź, then, stipulates, e.g. that the Uniwersytet Medyczny, together with the Akademia, shall organise postgraduate studies and provide its staff of professors to conduct undergraduate studies at the Akademia, and the Spółczna Akademia Nauk shall enable the Uniwersytet Medyczny in Łódź to benefit from the graduate studies provided by the prestigious American Clark University, with which the Akademia has concluded the relevant agreement.

Competition regulates the workings of the market: supply, demand, and prices. For non-public schools of higher learning it also adjusts the number of candidates to schools’ “capacity”. Strong competition galvanises for activity, supports development, forces effective exploitation of the school’s potential, compels people to work diligently and innovates.
More effective and luckier universities develop thanks to competition, while less successful or hapless universities often fail (Adamik, 2011, p. 44).

Competition is beneficial for university graduates, their employers and other firms, since it demands a high level of tuition fine-tuned to the market needs. In higher education, within each sector, universities compete for students and their money for tuition fees. The key success factors include: attractive prices, high prestige of university, level and number of school’s academic and research staff, number and attractiveness of courses of study, level of foreign language teaching, licences to teach on more than one level of studies, attractive school building location, student recruitment conditions, good school building, good reputation among employers, level of school’s internationalisation, and progress in the implementation of the two-tier study system.

CONCLUSIONS

The volatile market, a deepening demographic low and negligible state grants for non-public universities cause them to employ survival strategies and merge. Universities increasingly respond to the situation with fusions, or consolidations of two or more independent non-public schools of higher learning into an integrated and larger whole, or become incorporated into larger schools.

The difficult market situation and heightened competition are having the effect that the chances of survival and further development are only offered to the best non-public schools of higher learning that boast high intellectual potential, the best image, and offer the most useful study contents and collaborate with other firms and universities.

REFERENCES


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**ZAGADNIENIA KONKURENCYJNOŚCI**

**NIEPUBLICZNYCH UCZELNI W POLSCE**

**Abstrakt**

**Tlo badań.** Niniejsze opracowanie analizuje zagadnienia konkurencyjności uczelni niepublicznych. Dynamika zmian w ocenieniu szkół wyższych, np. niż demograficzny, wzrost krajojowej i zagranicznej konkurencji jak również zmiany instytucjonalne warunkują ciągłą restrukturyzację uczelni niepublicznych. Postulowana skuteczność utrzymania trwałej prze-rzagi konkurencyjnej leduwie odsuwierciedla zmienność, niepewność i brak równowagi w obrębie środowiska tego rodzaju organizacji.

**Cele badań.** Celem niniejszej pracy jest poznanie specyfiki działań niepublicznych uczelni i próba teoretycznego odnalezienia strategii stosowanych przez szkoły wyższe w kontekście wzywania stanowiących przeniesienie wzniosłych poprzez istniącą rzeczywiistoszczyńkową.

**Metodyka.** Teoretyczna analiza została przeprowadzona w zgodzie z pojawieniem się nowych trendów w zarządzaniu strategicznym.
Kluczowe wnioski. W celu uzyskania przewagi konkurencyjnej nad innymi uczelniami uszkadzana jest współpraca z najlepszymi uczelniami w kraju i za granicą. To pozwala szkole-

om tworzyć uspokojone moduły nauczania, prowadzić badania i wymieniać doświadczenia dydaktyczne i organizować uspokojone konferencje. Trudna sytuacja na rynku i wzrost konkurencyjności powodują, że szanse na przetrwanie i dalszy rozwój mają jedynie najlepsze niepublika-

nych szkoły wyższe, które mogą się pochylilić wysokim potencjałem intelektualnym, najlepszym wizerunkiem i ofertą najbardziej użytecznych treści nauczania jak również współpracą z innymi firmami i uniwersytetami.

Słowa kluczowe: konkurencyjność uniwersytetów; strategie szkół wyższych; wyższe szkoły niepubliczne