CHAPTER 7
SUMMARY OF FINDINGS, SUGGESTIVE MODELS AND CONCLUSIONS

CONTENTS

7.1 Prelude
7.2 Findings of the Study
7.3 Emerging Strategies and Business Models
7.4 Country Strategies for Global Markets
7.6 National Level Strategies for Indian Markets
7.7 Institution Level Strategies and Business Models for Indian Markets
7.8 Suggestive Models and Conclusions
7.9 Suggestive Model ONE
7.10 Suggestive Model TWO
7.11 Scope for Further Research
CHAPTER 7

SUMMARY OF FINDINGS, SUGGESTIVE MODELS AND CONCLUSIONS

7.1 Prelude

The revolutionary changes the field of technology, particularly in ICT has had and is having sweeping influence in every field of life, be it the economic, social or cultural. The effect of ICT is at both micro and macro levels globally, contributing to the growth of International collaboration, cross border flow and exchange of Ideas, Goods and Services at a very rapid rate, phenomena we all know has Globalisation.

Human Capital drives and is driven by Higher Education. Higher Education creates highly skilled workers for today's growing innovative, competitive, and knowledge based global economies. The phenomena of Globalisation, today also drives the Higher education sector like all other sectors. The increased economic activities globally have given rise to new market opportunities trade and business in the developing economies. The emerging economies particularly in Asia and Latin America have been experiencing increased demand for higher education particularly job oriented technical and management educational programmes.

Historically, Higher Education sector was always more internationally open, than most other sectors, because it is involved in creation of knowledge and human capital. In the past the developed countries of Europe and the USA always attracted and continue to attract the best talent in the world to pursue higher education in their country so as to train highly skilled workers and add to the pool of superior human capital. The cross border
education for long was a barter, to attract talent for the host country and for the student to seek better economic opportunities.

Today, Cross Border Higher education is a Global Trade. With the introduction of Education services under the provision of WTO-GATS, Higher Education is a tradable service like any other globally tradable service. Which is open to global competition.

The review of literature on Higher Education in the context of globalization reveals that research on Higher Education Industry is new and is still in its initial stages. The studies are more in the growth, implications of GATS, Public Funding, increasing role of Private sector, cross border student mobility, increasing trade of Higher Education services and role of the government and government regulations in the new changing environment. But not much research work has been undertaken on Higher Education as an Industry and Business.

In this background the researcher undertook a research study on the topic titled “Globalisation of Higher Education- A Study of Emerging Strategies and Business Models for Higher Education”, with the following Objectives and research question,

A. Objectives of the Study

1. To study the historical background, the structure, the government policies and regulations of Higher Education in India.

2. To study the perception of Stake holders, Students, Parents, Faculty and industry on Higher Education.

3. To study the Globalisation and Internationalisation of Higher Education and the provisions of WTO-GATS on Higher education services.
4. To study the impact of globalisation and GATS provisions on Higher Education in India.

5. To study the increasing role of the private sector in Higher Education.

6. To Study the global growth in trade in services of Higher Education.

7. To study and develop suitable strategies and business for Higher Education

B. Research Questions

The following questions have guided the research

1. What is the growth of enrolment of students in HE in India?

2. What is the trend of government funding in HE in India?

3. What is the contribution and growth of private sector in Indian HE?

4. What are the provisions of GATS on Educational Services?

5. What is the growth of International Student Mobility?

6. What is the growth rate of International Trade in HE?

7. What are the perceptions of Stakeholders on HEI in India?

8. What are the Emerging Strategies in HE Industry?

9. What are the Emerging Business Models in HE Industry?

10. What is the rationale for the development, or lack of development of new strategies and practices for analysing competition in HE Industry?

The researcher approached the study of the research topic under four segments

A. Higher Education and Globalisation.

B. Higher Education in India.

C. Perception of the Stakeholders of Higher Education namely Students, Parents, Faculty, and Corporate Executives.

Extensive Research has been carried out by reviewing, studying and researching various published national and international research papers, reports published by International and National Bodies, journals, conference papers, working papers, and various sponsored research studies conducted at both Global and National levels. The data and research material collected from the various secondary sources enabled the researcher to analysis the first two segments of study, Higher Education and Globalisation, and Higher Education in India.

To study the Third segment, Perception of the stakeholders on Higher Education, the researcher collected the data by administering separate Questionnaires for each of the stakeholders, namely Students, Parents, Faculty, and Corporate Executives. The Data collected was useful in examining the Hypotheses formulated to understand the perception of the stakeholders.

An analytical approach was undertaken to study the higher Education as an Industry the growth and the rise of the private funding in the higher education was largely a demand absorbing phenomena. To study the last segment, data was collected and analysed on the growth of the private sector, the changing dynamics of business operations in higher education sector, the emerging strategies and business models not just to exploit the opportunities but also to meet market threats and challenges.

C. Research Hypotheses

**Hypothesis 1** \( H_0 \). There is no dependency between Choice of Institutions, Government/Private, on various level of education among the various Stakeholders, such as Parents, Faculty and Students.
Hypothesis2 $H_0$. There is no dependency between funders of Education and type of Stakeholders, Parents, Students and Faculty

Hypothesis3 $H_0$. There is no dependency between cause for opting higher education and stakeholders.

Hypothesis4 $H_0$. There is no dependency between Stakeholders and Fee subsidy from the government.

Hypothesis5 $H_0$. The perception of Parents and Students are the same on various factors influencing the decision to join an Higher Educational Institution.

Hypothesis6 $H_0$. The perception of UG Students and PG Students are the same on various factors influencing the decision to join an Higher Educational Institution.

Hypothesis7 $H_0$. The perception of Parents and Students are the same on Education Driving Force to join an Higher Educational Institution.

Hypothesis8 $H_0$. The perception of UG students and PG students are the same on Education Driving Force to join an Higher Educational Institution.

Hypothesis9 $H_0$. The perception of corporate executives the quality and skills of the fresh graduate students of private Higher Educational Institutions is high.

The Research data collected under each of the three segments was tabulated and analysed by the researcher using the appropriate statistical tools which resulted in the following key findings.
7.2 Findings of the Study

The Findings of the study are presented in three Parts.

A. Global Scenario of Higher Education
   ➢ General Findings
   ➢ Emerging Strategies and Business Models

B. Indian Scenario of Higher Education
   ➢ General Findings
   ➢ Emerging Strategies and Business Models

C. Stakeholders Scenario of Higher Education

7.2 A: Global Scenario of Higher Education- General Findings

1. The last decade has witnessed a massive expansion in enrolment across the world with a 4.4% annual growth rate. Most of this growth rate has occurred in the emerging economies of which the highest enrolment took place in China followed by India (5.6 million).

2. Globally the northern countries attract the maximum international mobile students in the world and the south countries account for maximum outbound students particularly from the East Asia and the Pacific region continue to account for more than half of the enrolment. The greatest growth in enrolment is seen in South and West Asia and the Latin America.

3. Among the countries sending students for higher studies in foreign universities and institutions, China has the highest number of mobile students followed by India, the Republic of Korea, Japan and Germany.
4. The number of students from India studying abroad has increased largely in the last decade. The number of students from India going to foreign higher education institution has gone up by times from 2000 to 2005 India has imported higher education worth US $3151 million in the year 2004. Which is around 0.46% of the GDP. The figure is comparable to the total public expenditure on higher education.

5. Among the exporting countries, the USA attracts the highest number of the global mobile student population, followed by United Kingdom, Germany and France.

6. It is observed that Regions like North America, EU 15, Central Asia and others seem to downplay in the globalization of the higher education with only minimal increase of students going abroad for their higher education.

7. Only a few emerging countries host substantial numbers of these students, notably South Africa which attracts students from other parts of Africa, the other country is Malaysia which largely attracts students from the Middle East and Africa.

8. North America accounts for just 3% of the global total of mobile students. Students from the USA are the least likely to study abroad, with the world’s lowest outbound mobility ratio.

9. Globally the single most important driver behind the explosion of demand for higher education is due to two important factors in the emerging countries, demographics and economics. Demographic trends and improvements at lower levels of education have resulted in more people, completing secondary education. Economic trends have brought about an increase in private returns to higher education, and as well as growing income levels has increased the number of individuals who are willing to invest.
10. It also noticed that there has been increase in the tuition fees charged for international students, in spite of that international student enrolments have been on the rise since 2000 and continues to grow year on year. The increase in the tuition fees has not reduced the demand for higher education, as long as students are assured of quality education and likely returns on the investments, international trade in higher education services will continue to grow.

11. It is noticed that English is the preferred medium of instruction for higher education by international students irrespective the country of origin and the growth of international students has been in the five major English speaking countries, the USA, UK, Australia, New Zealand and Canada.

12. A very interesting shift is been occurring in the recent past, though there has been overall rise in the number internationally mobile students. The share of mobile students going to the United States fell. Australia and the United Kingdom benefited the most from the expansion. New Zealand is among fastest growing country attracting international students.

13. A global trend, though reliable data on increasing role of private finance is not available, yet, analysis of available data shows clearly that public funding across the global is on the decline and there is a rise in private funding of higher education.

14. The demand for higher education across the global is mostly in the field high employment of Technology and Management followed by health, medicine and biotechnology.
7.2 B: Indian Higher Education Scenario- General Findings

1. The number of Universities in the country has registered a ten fold increase in five decades post-independence and the number of colleges has been growing at annual average compounded growth rate around 8% per year.

2. The six regions namely north, central, east, north-east, west and south, one-third of colleges are located in the four Southern states followed by Central (22%), Western (19%) and Eastern (11.5%) regions. The north-eastern region accounts for only 3.5% of colleges. There is uneven growth of HEI in India. South has the maximum number of HEI and north eastern region has very few higher education institutions.

3. The state of Uttar Pradesh has the highest number of HEI i.e., 2,774, followed very closely by Andhra Pradesh with 2,786HEI. The four states of south Andhra Pradesh, Karnataka, Tamil Nadu, and Kerala accounts for-33% of the total HEI and the west accounts for second highest number of HEI.

4. It is also observed that south accounts for 50% of the engineering colleges with state of Andhra Pradesh having largest number 278 of engineering colleges falledow by Tamil Nadu with 269 colleges together they account for 20% of the total engineering colleges in India, and majority of them are owned by private HEI.

5. The domination of South India is also seen in Medical HEI accounting to 51% of the medical colleges in India, of them, Karnataka is ranked number one with 423 colleges.

6. The Concept of Deemed universities is unique to India, it has witnessed a spectacular growth in the recent past, a majority of which are private institutions. Maharashtra has the highest accounting to 21 which is 20% of the total. And the number is increasing very rapidly every year.
7. The growth of higher education in south of India is because of the role of private investments in higher education sector.

8. It is observed that in recent past, the northern and central region of India is also growing rapidly with the growth in private investments.

9. Pattern of public expenditure in higher education constitutes two important phases: A high growth phase of public expenditure from 1951 to 1980. The compound annual rate of growth of central plan and non-plan expenditure in the former phase had grown at 17%, and a low growth phase of public expenditure in higher education from 1980 to 2004, which declined sharply to 10% in the second phase.

10. While the corresponding compound annual rate of growth of state plan and non-plan expenditure is in, the former plan of 1951 to 1980 had grown at 15% which declined sharply to 11% in the second phase, 1980-2004. Thus, decline in the rate of growth of public expenditure by the center has been much sharper in comparison to decline in the rate of growth of public expenditure by the state.

11. The 1951-1980 in the growth of public expenditure had been a high in the growth phase in spite of the fact that the rate of growth of GDP in this former phase was much lower at 3.35% as compared to the 5.42% rate of growth of GDP in the 1980-2004. The second phase is, therefore, the phase of deceleration of public expenditure of higher education. It is not surprising to observe that there has been almost a uniform pattern of deceleration of public expenditure in higher education across all states, this fact of uniform pattern of deceleration of public expenditure across all states proves a systemic trend and slow withdrawal of state funding of higher education.

12. Another important feature of public financing of higher education has been the crowding out of public financing of higher education by the elementary education in
the second phase. It may, however, be argued that in the first phase, it was higher
education that crowded out elementary education. Therefore, the crowding out
argument acquires significance only when there is acute shortage of financing due to
fiscal resource constraint as in the period since 1980’s.

13. Centre’s declining share has been one of the important reasons for deceleration in the
public funding of higher education. Constrained by fiscal shortages, the States found it
difficult to invest in higher education.

14. Gross Enrolment Ratio in Higher Education has been increasing since early periods the
liberalization, globalisation and privatisation policies of the government in the early
90’s. But the rapid rise can be seen since 2000’s which can be attributed to that same
period, when Indian IT industry really took off and boomed creating a huge demand
for qualified skilled labor.

15. Inspite of the growth of GER in higher education, it still is low partly because people’s
preference for the type of higher education has changed, such that they want admission
in market-linked professional and technical higher education and do not prefer general
Arts, Science and Commerce courses.

16. As a predominant number of colleges offer higher education only in the conventional
streams, they are not able to attract enough candidates for admission while the seats in
professional and technical higher education are limited in public funded institutions.
Private institutes that offer such courses charge high fees which are not affordable to a
vast majority of students. Hence GER remains low.

17. The number of students’ enrolment rose rapidly along with it rose the number of HEI
and most of the new HEI are of average quality, accounting to almost 75% of the total
HEI. The trend suggests the growing demand for higher education and that students
are willing and able to finance their higher education courses from their own source. have given rise to mushrooming of large number of demand observing average and probably below average quality institutions.

The following are some of most striking findings of Higher education scenario of India,

18. New universities and colleges are located in metros and state capitals and the growth is not in small towns and villages hence GER remains to be low.

19. Private universities and colleges charge high fees, as such a vast majority of population are not able to access higher education because of economic constraints.

20. Growth of private self-financing colleges especially in Medical, Engineering, Dental and Business and Management education.

21. Growth of Self financing courses in government and government aided colleges

22. Growth of private universities under various state government Laws.

23. Growth of unrecognized private institutions offering autonomous unrecognized degrees, diploma, and post graduate diplomas and certificate programmers particularly in the field of IT, Business Management, Hotel and Hospitality management, Clinical research to name a few.

24. Growth of unrecognized private institutions offering International Degrees and Diplomas in collaboration with foreign universities.

25. Large number of public universities particularly state Universities across India particularly in the south have started offering Distance education where fees are relatively high and this is growing fast all across India.
26. Private HEI are not-for-profit entities usually established and operated under the provisions of charitable societies or trusts are largely established and run by wealthy families and businessmen and run them as business enterprises.

27. Private HEI meet almost all of their operational expenses from tuition fees, reinvesting any surpluses in programmes and facilities. They also collect donations from students though capitation fees which is not legal.

28. There are large number of private training centers which offer job oriented and vocational courses generally in the field of IT. Lately there has been growth in biotech and clinical research Institutions that are legally for-profit entities.

29. In the recent years in the field of IT and computer training, public listed companies like the NIIT have entered in collaborative agreements with public universities like IGBOU to offer joint certified educational degrees.

30. Higher education is growing but the growth is at the cost of quality and commercial exploitation of the people, this in spite of the regulatory bodies like the UGC, AICTE, MCI and the DEC.

7.2 C: Stakeholders Scenario of Higher Education

On the analysis of the data collected from the Stakeholders, Parent, Students (UG and PG), the Faculty, and the Corporate Executives. The major findings are:

1. The stakeholders choice of education institutions is private at all level of education and especially very high in higher education.

2. The source of Funding for higher education among all the stakeholders Parents, Students, and Faculty are parents. Study reveals that parents consider it their duty to fund children’s education at all levels.
3. It is interesting to note that Educational loans is not very major choice of funding higher education and is popular only to some extent in engineering and MBA students.

4. Stakeholders consider higher education as an investment which assures employability and higher education is pursued to seek better employment opportunities.

5. All the stakeholders are expecting fee subsidy from the government are of common opinion that it is governments responsibility and social obligation to fund higher education considering it as public good.

6. Faculty and Library facilities are the most important factors which are perceived in the same way by both parents and students.

7. Students, consider Infrastructure, Faculty, Co-curricular activities, Placement, Ranking and Reputation and International Affiliation as important factors while selecting an HEI.

8. The least important factors considered by the stakeholders for selecting HEI is Fee and Admission process, Stakeholders are willing to pay high fees if the quality of education is good.

9. Faculty of a government institution have very low perception with regard to quality and learning. They are more interested in ‘Better future opportunity’ and salary than on quality and learning resources. It is alarming to note that Computers and Internet Resources are considered the least important.

10. Private institution faculty are far more quality oriented and majority of them consider quality as the most important factor along with Library, Learning Resources, Computers and Internet Resources and Academic job.

11. Overall, the faculty from private institution is much more learning and academic oriented when compared to government institution faculty.
12. The corporate executives consider Quality of Delivery in Private Institutions is high, Education Sector is a Sellers’ Market and lacks competition. And government should Open up the Education Sector "For- Profit" Organization, Further the Industry-Academia Connect is necessary and should be encouraged.

13. Many Corporate are of a very strong opinion that corporate should fund higher education under the umbrella of CSR (Corporate Social Responsibility).

7.3 Emerging Strategies and Business Models

The extensive search for information on Higher education sector globally including in India, there has been no formal structured literature or commentary recorded specifically on strategies and business models on Higher education inspite of the fact that education today is a Trillion dollar global business. The research study reveals, that the custodians of higher education namely the national governments and the Higher Education Institutions have been employing and adopting various Strategies and Business Models for the development of Higher Education Industry, though there is no explicit mention of these strategies. The macro level strategies have been adopted, by different national governments across the globe, as national policies and trade policies. And at the micro level the various strategies and business models have been employed by the higher education Institutions to promote and sustain the growth in higher education industry. On the analysis of the research data and study, the researcher classifies, identifies and analyses the strategies as follows

➢ The Country Strategies adopted are, ‘Higher Education has Cross Border Trade Service.’
The Institution strategies and business models are, ‘Higher Education has Competitive Business Opportunities’.

7.4 Country Strategies for Global Markets

1. “Education a Service Product”: All the major exporting countries of higher education, particularly, USA, UK, Canada, Australia, and New Zealand, consider Higher education as global trade service with huge potential for exports. The introduction of education as trade service is strongly lobbied by them in the various WTO summits. They are the major negotiators of Trade in Educational services at the various WTO summits. The strategy is to liberalise Education Services as commercially tradable service, so as to exploit the growing demand particularly in higher education.

2. “Carrot for Bunny”: Australia, Canada and New Zealand, have softened their immigration policies to encourage the temporary or permanent immigration of their international students. The USA, UK and Singapore also have liberal student visa and immigration policies too. This makes these countries more attractive to students and strengthens their knowledge economy.

3. “Earn while you Learn”: is adopted in some countries like UK, Australia and New Zealand, the government permits international students to work on part time bases while they are studying, this encourages international students to travel to study abroad since they can fund their living expenses.

4. “Educational Hub”: The governments of Singapore, Malaysia, Dubai and Qatar, have strategically planned a Business Model by developing “Educational Hub”. The countries educational policies are liberalised with government supporting with the infrastructural facilities to encourage foreign universities, to set up their
offshore campuses, and to collaborate with local education providers to offer joint programmes especially in the field of technology and management. The strategy is to provide international students an option for quality education at much lower cost. And at the same time providing local students with quality international educational programmes within in the country saving on importing Higher Education.

5. "Venture to Feed": Public universities of the UK, Australia and New Zealand, have been permitted, to operate as commercial ventures abroad. They also have differential fee structure, international students are charged with very high fees and the local students for the same course being charged extremely low fees. The strategy is to "cross subsidies” educational charges for domestic students

6. "Operational Grab": The rising demand for higher education globally has created a huge demand-supply gap. The growth in private education providers has been very rapid globally. Many western countries have allowed establishment of ‘For Profit’ Higher Education Institutions. Many of them are corporate enterprises now operate mostly as virtual universities and exploit the business opportunity.

7. "Education a Merit Good": Governments across the world have encouraged and formulated policies and laws for Private investments in Higher Education. Education was no more considered as public good since there is private returns on higher education investment. It now considerers education as merit good, ‘so pay to learn so to earn’ The government’s strategy of meeting rising Higher education demand for higher education by allowing private sector into Higher Education Industry is global phenomenon.
7.5 Institutional Strategies and Business Models for Global Markets

1. "Market the Market": Higher Education Institutions both Public and Private have and are adopting business strategies to operate in the rapid changing dynamics of higher educational industry. Institutions use aggressive promotional strategies to attract international students. Foreign universities from the UK, Australia, New Zealand and Singapore have been marketing and advertising aggressively through the local print and virtual media particularly in China, India, and Malaysia.

2. "Customer Relationship": As customer relationship management strategy, Universities have also set up offshore marketing office or appointed local marketing representatives to promote and market the universities and their programmes. These representatives facilitate the students in completing all the admission formalities. They also assist the students in the Visa application process and help in travel planning. The universities pay the representative incentives and commissions.

3. "Low Investment and High Return": Pricing strategies have been adopted specially by universities of Australia and New Zealand to attract international students by providing an alternative low cost distention with quality education services.

4. "Reach the Learner": New business models of higher education have evolved using the ITC technology called online universities. Technology firms, some in alliance with traditional universities and some on their own, leveraging on technology offer various educational programmes with flexible 24/7 learning cycle. These institutions have emerged as serious competitors in the higher education industry. The virtual universities are on the rise, this opens up the
possibility of greater trade between developing countries, affording more choice and lower prices.

5. "Skill for Industry": The increasing demand for skilled workers in today’s knowledge world, has been leveraged by many newly promoted private HEI and corporates by the development new skill based commercially viable International certified educational programmes. These new programmes are additional revenue models for HEI.

7.6 National Level Strategies for Indian Markets

1. "Give way to the forces": The changing demographics, rising incomes, increased job opportunities, globalisation have all led to an unprecedented growth in the demand for higher education, with demand exceeding supply (existing capacity) the Indian government strategically gave way to the forces of market and liberalized the higher education sector by allowing private investments.

2. "Apply to Supply": The governments, formulated policies with a strategy of allowing the growth of higher education by providing the recognition and permission for starting Private HEI liberally. To keep up with growth in the economy and meet the market demand for qualified work force, the government followed a supply strategy “Apply to Supply” for increasing HEI.

3. "Class to Mass": Professional and technical education in India for long was provided by the IITs, the IIMs, and other institutions established by the central and some state governments, these institutions were few in number and with limited enrolment capacity, therefore were of high standard and meant for certain class. An emerging India and the world’s second fastest growing economy Indian higher education system had to change gears, the central and the state governments
formulated educational strategies from Class to Mass education, like allotment of land at subsidies rates for many private educational societies and trust to start higher educational Institutions particularly in technical and management education which is in great demand.

4. **“Pay to Earn”:** The new educational Business model pay fees for education emerged with growing income levels, increasing opportunities for qualified graduates, increasing salaries of the stakeholders of higher education. The parents and students are willing to pay for Higher Education, the government gradually reduced funding higher education treating higher education as Merit good rather than a Public good.

5. **“Brain Drain to Gain”:** The current account of the BOP is fully convertibility. Education expenses come under current account, this has enabled large number of students going abroad for higher education to fund their education without any government restriction. India benefits from this. Students coming contribute and add the intellectual talent pool and students not coming back send in foreign exchange remittance back home. In today’s knowledge world ‘Brain drain is a Gain’.

6. **“Funding Education”:** Higher Education is funded and funding is available, The government direct funding is reduced, but alternatively funding is available through priority sector Bank educational loans. All schedule banks are providing higher education loans with easy repayment options and concessional interest rate and simple processing procedures. This indirect funding strategy of the government has met with overwhelming response and enabling a large number of students to pursue their higher education.
7.7 Institution Level Strategies and Business Models for Indian Markets

1. "Market the Market": Higher Education Institutions both Public and private have and are adopting business strategies to operate in the rapid changing dynamics of higher educational industry. Private Institutions use aggressive promotional strategies to admission consultants to attract students across India particularly for engineering and management courses.

2. "Ring the Bell": Demand for Higher education is on the rise, supply is also on the rise from both domestic and foreign institutions which adds up to rise in competition. Competition gives customer the power of choices. To buy the bell should ring in the mind of the customer. And to ring the bell HEI India have been very aggressive in all the media of advertisement, from print to audio (radio), to video (TV). And above all almost all HEI are using the internet as not just information provider but also aggressive medium of advertisement as most of the students search for information. HEI today have huge budget allocations for their advertisement and promotional strategy.

3. "Build a Brand": HEI globally employ number of various brand building exercise. The current institution Ranking is the most important one. The Institution ranking list is published by various assessment agencies at the National and International level. Institutions are assessed on different parameters covering extensively all areas of academics, faculty, research, infrastructure, value additions to final job placement, before arriving at an overall score and rank. A lot of importance is given by students on the ranking status of the Institution while selecting the
institution for admission. Institutions use ranking as the most important strategy for building their Brand.

4. “Skills to Job”: HEI today is ‘means to an end’ and the end is employment (though there is much). The students are willing to pay, he/she views it as an investment which will give a lifetime returns. Many HEI today provide students with value added courses, conduct workshops, seminars, on various subject domains to enhance subject knowledge and also provide training on various job skills, HEI use these as Brand building and Final job placement strategies.

5. “Funding the Fees”: Most HEI across India have tie ups with more than one bank for enabling the students to avail educational loans. Since private HEI charge very high fees, it is not possible for majority of the students to personally finance their higher education. The tie up, helps students to get their loans approved without much delay on part of the country since, the institutions names are on the Banks approved list of educational institutions.

6. “Quality Management”: HEI quality management strategy measures cover all aspects of education from academics, to faculty, to student learning facilities of library, labs, computers to internet, assessment, and other infrastructure facilities. Institutions use various quality assessment certifications like ISO 9001:2000 National level accreditation bodies like the NACC and NBA to higher education. Some HEI also seek international accreditation. The certification also adds to the brand building strategy.

7. “Customer Relationship Management”: The rising competition in the higher education industry has compelled many private HEI to adopt to CRM strategies, which a decade back was a unknown concept. HEI service the student (customer)
with all the information, thanks to ICT. Students are constantly updated with information and provided with information when required. Many HEI also have student assistance and grievance cell where both administrative and academic issue of the students are addressed. Students are also provided with 24/7 library access, transport, recreation, sports and other facilities to make learning holistic experience.

8. **"Hybrid Universities"**: Most universities Central, State, Deemed, and Private have adopted new Business Model, alongside traditional university model of campus and affiliate colleges (State universities) universities have Distance education wing. The traditional universities have serious limitation with regards to capacity building and fund management. With decreasing funding from the government and compulsion of self-financing, the model of distance education serves as a revenue generating model. The growing demand for higher education is driving enrolment in distance education to new heights. With bare minimum capital expenditure and minimum operational expenditure the return to investment in distance education is very high. The new business model of blending traditional model with distance model has become very common in India.

### 7.8 Suggestive Models and Conclusions

Higher education today is one the most important influencing factors in the society today in the world be it the countries of the north or the south. The study has shown the Higher education is indeed a global phenomenon. Higher Education in the world has been influenced by number of factors. But there are four major factors which have changed the dynamics of Higher Education Global environment.
1. Rapid Expanding Enrolments.


3. Emergence and Growth of new Competitors - Distance and Open Education, Online education.


The inability of the public sector HEI to meet the increase in the demand for higher education and the decreasing public expenditure on higher education across the global compelled government to deregulate the Higher education allowed expansion of private HEI to grow. In India there has been rapid growth in private unaided colleges and the establishment of Deemed universities most of them, if not all of them were earlier operating as private affiliated colleges. These Institutions operate with total autonomy with regard to fixing of fees, the course offered, the number of student enrolments. The increased demand for Job oriented courses have also led to increase in number of unrecognized HEI.

Global Higher education providers also offer courses by way of twinning programmes in collaboration with local HEI adding to the increase in the number of Unrecognized HEI. A large number of HEI especially from UK, Australia, New Zealand and Singapore have marketing offices for promoting and enrolling students for Higher education courses.

The Dynamics of Higher education sector has undergone tremendous amount of transformation. What was once considered a Public Good, is today accepted to be Merit Good even by the government. Higher education is today an Industry like any other, driven by market forces and raising competition at macro level between Nations and between Individual HEI at the micro level. The students and the parents are willing to
invest in Higher education and pay high fees as it is perceived as way to better employment, and is good return on their investment. International students today are willing to pay full fees unlike earlier time where the students would travel on scholarship or government sponsorship.

Global Higher Education industry today no doubt works in an increasingly competitive environment and dynamically changing environment, with projected global growth in enrolment, HEI which face the threat of market driven forces have to develop strategies and Business models to counter the forces of competition.

In the background of the study undertaken and its findings the researcher would like to propose two models for the Higher Education Industry. One for analysing the external forces effecting the Higher Education Industry and the competition it poses to the HEI. And two to understand the Key elements of the business of higher education, a Business Model for HEI is developed, which will help HEI to develop appropriate strategic plans and strategies for its effective and efficient functioning.

7.9 Suggestive Model ONE

Two very important characteristics of growing industry are opportunity and competition. The same can be seen in the Global Higher Education Industry, the rising demand for higher education worldwide has increased opportunities for Customers (students), Providers (HEIs), Suppliers (faculty and trainers) as well as new demand absorbing Substitute products. The Increased opportunities are coupled with the challenges from the various competitive forces, as well as from the various government regulatory agencies.
To analyze the global competition in higher education industry and formulate appropriate strategies, a generic *Competition Analysis Model* called the *Five forces and One Super Force Model* is suggested along with a generic *Business Model* for Higher Educational Institutions.

**Five Forces and One Super Force Model**

The model suggested is based on Michel Porters Five Force model. The model’s five forces are.

1. New Entrants of HEI - Local and international.
2. Bargaining Power of Customers - Students
3. Bargaining power of Suppliers - Faculty
4. Substitutes - Distance Education, Online Education and Corporate Certified Courses and Programmes.
5. Exciting Higher Education Institutions

And the one super force is Government. The role of the government in Higher education is inevitable. Education per se is the responsibility of the government in every form of it, right from primary education to higher education. World over Governments have been the force behind the development of education; it is the Governments that plan, regulate and fund Education. The five forces are Exciting HEI, Newly entering HEI, Students, Faculty as well as, the New Substitutes of Online and Distance Education Institutions, All of them are directly regulated by the Government. Hence the Government is the *Super Force*. 
7.10 Suggestive Model TWO

Business Model for Higher Education Institutions

The market forces of higher education industry have challenged the very functioning of HEI in its present form and style. Challenged with entry of new HEI empowered with new business ideas, plans and strategies have created a totally different environment in the higher education industry. This has threatened the very existence of the older HEI. In a dynamic technologically globalised environment, HEI have to operate but as business enterprises for survival, though their motive may not be for profit only. HEI today have to
be extremely innovative and competitive in their style of operations. The suggested Business model will enable HEI understand the key activities of operation and will help HEI to plan and strategize for effective and efficient functioning in order to meet their objectives of providing Human Capital for the overall welfare of the society.

Answering the four Basic questions of Business.

1. What?
2. Whom?
3. How?
4. Why?

Answering the questions are the Four Pillars of Higher Education.

1. WHAT?
Higher Education Product - Courses and programmes leading to award of degrees, diplomas and certificates.

2. WHOM?
Customer Management Student-Identifying target students for the courses and programmes offered, using the various channels for creating awareness and promoting the HEI and the courses and programmes offered, and establish Student Relationship Management System. (Customer Relationship Management - CRM)

3. HOW?
Infrastructure Management – Identifying the core capabilities, the strengths, the key resource for effective delivery and establishing an effective partner-net-work (Supply Chain Management-SCM)
4. WHY?

Identifying the cost structure and developing a Revenue Model that will create surplus for the HEI which will help the HEI to accomplish its objectives but also work towards achieving its Mission in the long-run.

Fig. No. 7.2 The Business Model For Higher Education Institutions
7.11 Scope for Further Research

The Research in the field of Globalisation of higher education is still new and not much research work as been published. One of the biggest limitations in this area of study, is the non-availability of published data. Information particularly with regard to globalisation of Higher education except for data on student mobility is unavailable. Which by itself is area where further studies can be undertaken. The current research findings established, that higher education is Global Industry with huge potential of growth in the industry and that there is increased competition in the industry at all levels local, regional, national and international. The increasing dominance of the private sector and globalisation of Higher education has changed the very dynamics of the Business operations. HEI is no more protected sector and is today influenced by the forces of market. The current research identified the competitive forces effecting HEI and as well developed a generic business model for HEI. Further study with regard to the effect of forces of competition on HEI in detail and developing appropriate strategies for effective and efficient functioning of HEI in competitive environment can be undertaken. Research study can also be undertaken in developing the specific business process operations in each of the elements of Business Models. There is tremendous scope for developing Business Models for the various different forms of Higher education delivery such as Distance Education, Online Education and new forms of education providers like joint degrees, franchise, twinning programs, and so on. Since the topology of Higher education is changing, there is a tremendous scope for research study in the area of the barriers to trade in education services and its effect on development of higher education. Study on the potential effect of brain drain or gain on the sending or receiving country can also be undertaken. Study on the gain/loss for India from student mobility to other countries for higher education, its
impact on foreign exchange along with many more areas of higher education can be undertaken. Further for the development of industry relevant courses and to improve the quality of education along with employability skills expected from the corporate world and the labour market at large. Research can be undertaken to survey the corporates with larger representation covering all the sectors of industry.