

# **IMPACT OF THE STRATEGIC STATEMENTS ADOPTED BY JORDANIAN PRIVATE UNIVERSITIES IN RELATION TO THEIR PERFORMANCE**

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## **Abstract**

This research set out to understand the disposition of Jordanian private universities with regards to competition, their preparedness to meet the global challenges posed by the highly competitive higher education industry, the competitive strategies they have adopted over the years and how it has impacted their regional and international performance After Conducting Literature review. This study develops two hypotheses. Applying a quantitative approach, it carried out structured content analysis on the strategic statements of the five universities which participated in the study of members of top level management of these universities and documented its findings. It then discussed the findings. The discussion section showed that with regard to the two hypotheses posed, this study found support for only hypothesis (2) and found an insignificant support for hypothesis (1). This implies that Jordanian universities considered the attainment of highest international standards both in infrastructural development and attracting foreign students and professors was important in countering the competitive challenges faced from local and international competitors. However, lack of support for hypotheses (1) implies that while private universities in Jordan have the intention to improve their image and meet international higher education standards, they had no road map to realize that ambition.

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**Keywords:** Strategic Statements, Competitive Strategies, Universities Performance

## **Introduction**

The history of higher education in Jordan dates back to 1951 when the first one-year post-secondary teacher training college was created. Ten years later, in 1962, Jordan's first university- the University of Jordan began operation. Since then, the higher education sector has recorded significant increases in numbers as well as in diversity of programs offered; with the government taking the lead in this vital sector. In fact the government owned and subsidized all universities in Jordan up until the late 1980s. The advent of private universities was mainly due to the rapid increase in the number of students enrolling into the existing Public universities, and the resulting decline in quality of education offered by those universities due to the lack of sufficient governmental funding. Thus the entrepreneurial establishment of private universities on the one hand relieved the government of the burden of providing education to the teeming number of students and on the other hand making profit in the process.

A combination of demographic pressures mainly due to an increasing population of young citizens, the financial pressures faced by the government and the response of private universities saw a dramatic increase in the number of institutions of higher Education in Jordan. Today there are a total of 10 public and 17 private universities in Jordan. In addition, there are 51 community colleges operating at different post-secondary levels. Approximately 236,000 students are currently enrolled into both the public and private universities in Jordan; and 28,000 of these students are foreign students from Arab and other countries.

The Ministry of Higher Education and Scientific Research (MoHESR), established in 1985 by the Jordanian higher education law, is the authority responsible for all forms of post-secondary education. The ministry is comprised of the Higher Education Council (HEC) and the Higher Education Accreditation Council (HEAC), which subjects universities to several checks and constraints while at the same time allowing them a high degree of autonomy.

With the successes recorded in pre-university education due to the comprehensive reform carried out in Jordan decades ago--- where there is over 85% enrollment rates coupled with a rapidly growing young population, has led to the immense demand for higher education in recent years. This demand is expected to rise even further in the years to come. Due to the very stringent admission requirements set by public universities, there has been a steady rise in enrollments at private universities in recent years. This increasing demand for higher education by students whose Tawjihi scores were not sufficient enough to get into public school combined with demand from foreign students especially of Arab descent, has made the Jordanian private higher education environment highly competitive. Success to

these universities means high reputation for quality and increase in number of enrollments. The competitiveness of the industry, however, has seen private universities adopt a diverse range of strategies in the domestic market. However, this rising competition trend does not stop at the local market it, but extends way into the global market, as the effects of globalization means that Jordanian private higher education institutions compete with private universities across the globe for Jordanian students on the one hand and international students on the other hand. In fact, this trend is a current characteristic of private universities the world over. According to a review of world higher education markets commissioned in 1997 by the British Government, there currently exists an unquenchable thirst and demand for high-quality, inexpensive, tertiary education in English (an area in which Jordanian private universities have a comparative advantage)-Tysome, quoted by Mazzarol&Hosie, (1999, p.4) noted that this demand is as a result of the increasing rate of prosperity around the world spurred by the rapid globalization of business. The review mentioned above forecasted that the global demand for higher education will increase in the near future.

#### **Statement of problem**

*The problem of this study is to show the underlying implications of increasing competition on private universities in Jordan and to understand the repertoire of competitive strategies they have adopted over the years.*

#### **Research question**

*What individual competitive strategies have the private universities in Jordan adopted to meet the increasing rate of competition within the domestic and global higher education sector?*

#### **Population of the study**

Population of the study comprised five members of top level management of five Jordanian private universities.

#### **Significance of the study**

Evidence pointing to the significance of this study mostly lies in the increasing degree of importance, relevance and attention given to issues of competition as contained in the strategic statements of Jordanian universities. A review of the mission and vision statements of these universities reveal a lot of concern for their competitive positions relative to domestic and international competitors in the education sector.

#### **Limitations of the study**

This study is limited to the members of top level management at the Jordanian private universities (*Irbid University, Jadara University, Jerash University, Philadelphia University, Zarqa University*).

### **Previous Research**

In describing the process of competition among higher education institutions, a review of extant literature reveals that there are four distinct layers upon which competition is carried out.

Higher education now plays a pivotal role to the current changes and transformation observable in not only developed economies, but also in developing and emerging economies through the complex communication networks responsible for the interconnectedness of economic, social and cultural life irrespective of geographic boundaries. International relationships as well as the intercontinental flow of information, people, technology and products among others; between nations is hinged to a great deal on higher education.

All around the world, there has been an increasing level of competition among Higher Education Institutions, for students, staff and research funding. In the United Kingdom for instance, the intensity of this competition is rapidly increasing due mostly to the Obama spurred re-entrance of the US into the market for international students, coupled with strong competition from other English speaking countries such as Australia and New Zealand and courses taught in English in Continental European countries. Developing an international profile, through the use of university branding and marketing activities provide universities with opportunities to get in to the market of a global audience. For some though, this is a relatively new concept. For example, fees payed by foreign students account for 6.8% of the total student population in Ireland, compared to 14.1% in the UK ( Hasan, 2004).

Since the work of Wernerfelt (1984) in particular, theorists studying organizational performance have recognized the importance of understanding internal strengths as a key source of success. This body of work, usually labeled the resource-based view of the firm (RBV), dominated much of the strategic management literature in the 1990s. Some significant criticism of its core precepts (see for example, Priem and Butler 2001) combined with the influence of scholars from marketing, strategy, sociology and organizational theory has led to the emergence of an allied field, namely the dynamic capabilities view (DCV). Both these perspectives share many commonalities, particularly their concern with understanding the idiosyncratic nature of organizations and how this influences performance. Several contemporary reviews of both of these streams of literature are available (e.g., Easterby-Smith, Lyles and Peteraf 2009; Lockett, Thompson and Morgenstern 2009; Wang and Ahmed 2007).

In essence, the work of Barney (1991) articulated the core requirements that a resource or capability must have in order to confer advantages on the host organization.

Labeled the VRIO framework, Barney argued that competitive potential of resources rests in their ability to meet the criteria of value, rareness, inimitability and organization. Advantage-seeking HEIs should aim to invest in resources and capabilities with these kinds of characteristics.

### ***Marketing Capabilities***

Traditionally, the marketing conducted by HEIs focused on the communication of information to potential students about courses on offer. A much more fully fledged marketing competence will be required in the future, as customers (students etc.) seize control of the information flow. Most notably, HEIs will require a market orientation (Kohli and Jaworski 1990) and a marketing strategy that encompass the core notions of market segmentation, targeting, and positioning of the organization in a global marketplace. Critical marketing capabilities such as market sensing and customer linking (Day 1994) will need to be developed and deployed in the creation of tangible assets such as customer relationship management (CRM) systems. HEIs will also need to build and maintain their brands.

### ***Networking Capabilities***

Traditionally, resource-based perspectives on organizations placed a heavy emphasis on organizationally-bound resources that were internally developed over time (Dierickx and Cool 1989). In dynamic environments, where the boundaries of organizations are fluid, attention has shifted to resources developed within alliances and networks (Nohria and Eccles 1992).

Acquiring resources can be just as effective as attempting to develop them. In the global market for higher education, many alliances have already emerged between leading institutions around the world. Future success will be contingent on the ability to build international networks as a vehicle for generating income streams such as research funding and student income. Linkages with industry will also enable the generation of income both as inputs into the research process and as outputs where research is successfully commercialized.

### ***Managerial Capabilities***

One of the criticisms of the resource-based perspective on organisations was the failure to fully account for the role of management in the process (Castinias and Helfat 1991). Subsequent resource management models see this process as incorporating the structuring of resource portfolios, bundling resources to build capabilities and leveraging capabilities to provide value to customers and a competitive advantage (Sirmon, Hitt and Ireland 2007). The task facing the senior management of HEIs has changed radically as the environment has become more competitive and uncertain. Income sources are no longer guaranteed, competition from other HEIs has increased and new organisations such as consultancy

companies have entered the education arena. HEIs now need to be managed as commercial entities, which require the development of new mental models in their senior management teams (Schomaker 1992). The capacity to ‘sense and shape’ opportunities, to seize opportunities and to reconfigure tangible and intangible assets to avail of these opportunities are key managerial capabilities (Teece 2007).

### ***Fund Raising Capabilities***

Finance is a tangible asset which has been deemed as being relatively easy to match and unlikely to be a source of competitive advantage (Wernerfelt 1989). However, as the recent credit crisis has demonstrated, an ability to get access to finance can be a crucial capability which gives rise to temporal advantages. As outlined above, the higher education sector is facing a more structural funding problem, whereby the State is seeking to increasingly remove itself as the primary funder. The skills and capabilities of HEI to raise funds will be critical to its ability to deliver valuable outputs and build an international presence.

### ***Innovation Capabilities***

HEIs increasingly need to develop an ability to innovate (Hurley and Hult 1998) and thus complement market and innovation orientation (Menguc and Auh 2006). In fact, innovation is the only way that HEIs can keep the pace with the changing environment, which provides the new generation with new teaching (i.e., brand new programs), new students’ relationship management systems (i.e., new admission systems), new research initiatives (i.e., new research programs or research centres), new knowledge transfer initiatives (i.e., new industry-based collaborative programs) and so forth. Although the importance of innovation has long been recognised in commercial settings, it still represents a challenge in the context of HEI’s, where for a long time, keeping with tradition has been a measure of quality and reputation.

### **Research Hypothesis:**

#### **Hypothesis 1**

Jordan’s private universities will have either cost, differentiation or focus strategies as their *generic strategy* (**Irbid University, Jadara University, Jerash University, Philadelphia University, Zarqa University**).

#### **Hypothesis 2**

In order to counter threats local and international from competitors, private universities in Jordan will have strategies aimed at meeting the highest international standards both in infrastructural development and attracting foreign students and professors.

## Methodology

Documents to be obtained for analysis for this Study are strategic statements of Jordanian private universities. Procedures undertaken in content of plans provided the ultimate test of whether documents obtained were relevant and appropriate. Critical inclusion criteria included: a statement of the university's mission and goals, an analysis of the university's operating environment, an outline of the university's objectives, and a summary of broad strategies by which the university hoped to achieve them , Pre-Processing, I will convert raw documents into useful formats for processing. Then I will automatically identify important concepts and strategic issues in each document. At this early stage of processing, concepts are simply key terms used in documents, those appearing most prominently and/or frequently. Finally, Mapping and Concept Statistics, this program produces results of content analyses in both graphic and tabular form.

## Result & Findings

### Structured Content Analysis of the Strategic Statements of Jordan's Private Universities

As discussed in the methodology section, structured content analysis of the participating universities' strategic statements will be carried out in the first section to understand their level of awareness of the nature of global competition in the higher education sector and to measure their level of preparation to meet both local and international competitive challenges, as evidenced in the emphasis they place on these issues in their strategic statements. In line with previous strategic management research practice, this content analysis is carried out using publicly available strategic statements most especially; the vision, mission and strategic objective statements.

Below I present a tabular representation of the content of the participating from the five universities statements.

**Table 1: Summary of findings from strategic documents reviewed**

	<b>Vision</b>	<b>Mission</b>	<b>Objectives</b>
<b>Irbid University</b>	-To be a distinguished university. -To provide students with the latest information -To supply the labor market with quality workforce - To develop infrastructure to attract local & International Students	-To provide quality education - Commitment to scientific research. -To provide service to the community	-To achieve quality standards - Quality academic and administrative leadership -Promoting institutional performance.
<b>Jadara University</b>	-To be a center of excellence locally and	-Excellence in the formulation and	-provide specific education to meet the

	within the region	dissemination of knowledge -to enrich the lives of individuals -to contribute to the overall local and regional development.	needs of the community & region -contribute to economic and social development -create a stimulating environment for research and intellectual creativity
<b>Jerash University</b>	-to attain high educational standards -to provide quality education -to contribute to basic and applied science -to attain local prominence To provide quality work force	-to provide quality education -to provide effective research environment -encouraging the participation of local & interanational community in educational, economic and cultural development.	-Achieving a distinguished academic position in Jordan. - Getting Greater focus on students' personal and academic development. -Adhering to international standards in curricula and teaching. -Allocating allowances for distinguished staff members at the university. -Developing a graduate programs and increasing research activities. - Getting Active communication with the local community. -Developing an efficient and responsible management. -Providing a campus in-line with international standards. -Diversifying university financial resources.
<b>Philadelphia University</b>	- to get dedicated to excellence in the pursuit of knowledge and scholarship	-conducive learning environment -high quality education -research orientation -to supply local and regional workforce	
<b>Zarqa University</b>	- to be distinguished in the provision of research and societal services at the local regional and international levels	-provision of qualified labor force -the conduct of applied scientific research for local community development	-focus on university admissions -focus on university education -focus on scientific research -focus on creating conducive learning environment - focus on obtaining accreditations and meeting Quality Assurance standards -focus on financing and investment policy -focus on the development of human resources -focus on providing local community services.

The table above shows a summary of the content of the three major strategic documents of the five Jordanian private universities which participated in this study and which represents 90% of Jordan's private universities. However, a review of the table reveals long- term and short-term issues of core importance to Jordanian private universities. A total of 48 strategic issues were identified in the strategic statements of all five universities combined. Due to the fact that some of these issues reoccurred or were common to the individual strategic statements of all five universities, I sifted through them and was able to isolate a total of 29 independent strategic issues. In line with the objective of this study, I analyzed the occurrence of competition related issues, to estimate the level of awareness and commitment to improving their local and international competitive position. In doing so, I was able to isolate only 8 strategic issues related to competition. A summary of these issues are presented below.

**Table 2: Summary of Competition's Related Strategic Issues Contained Statements Reviewed**

Competition's Related Strategic Issues Contained in the Strategic Statements
1. The provision of quality education
2. Commitment to scientific research
3. The achievement of quality standards and accreditations
4. The development of infrastructure that meets international standards in order to attract regional and international students
5. To attain local prominence
6. To adhere to international standards on curricula and teaching
7. To diversify the universities, financial resources
8. To develop its human resources.

### Testing hypothesis

With regard to the two hypotheses posed earlier of this research work, below is a detailed discussion of findings from this study:

**H1:** *Jordan's private universities will have either cost, differentiation or focus strategies as their generic strategy.*

*Findings from study reveals that of all the 29 independent strategic issues observed from the analysis of the strategic statements of the five Jordanian private universities which participated in this study, only 8 or 28% of them were related to competitive strategies. The nature of these competitive strategies were non-directional and generally aimed at conforming to internationally accepted best practices and standards and the overall aim of being distinguished and successful. However, there was no direct or indirect mention or indication in any of the strategic statements analyzed about the generic strategy of any of*

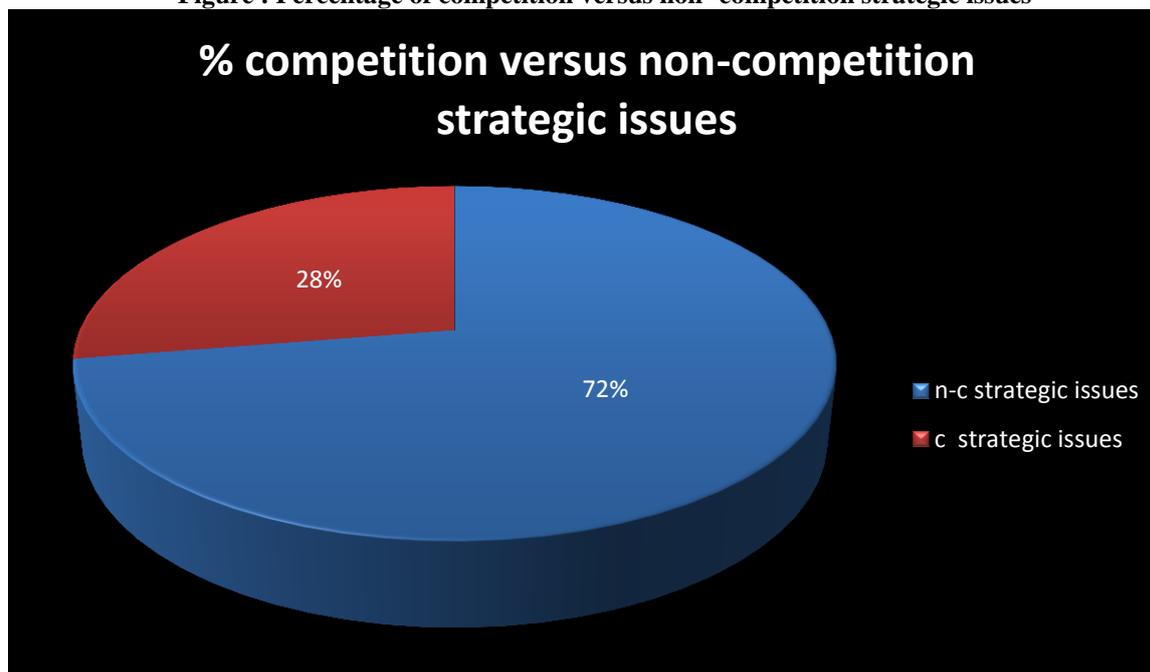
these universities or any indication that there is a conscientious effort made to develop one. In other words, none of the universities could be clearly and straightforwardly said to be pursuing a cost, differentiation or focus generic strategy. Thus findings from study do not support hypothesis 1.

Thus based on the findings, I reject hypothesis 1 and accept the null hypothesis.

**H2:** In order to counter threats from competitors (both local and international), private universities in Jordan will have strategies aimed at meeting the highest international standards both in infrastructural development and attracting foreign students and professors.

A finding from study reveals that out of all the strategic issue categories present in the strategic statements of the five universities which participated in the study, 28% were related to competitive strategy. Most of these issues were directly or indirectly related to the provision of quality education, scientific research, the achievement of quality standards and accreditations, and the development of infrastructure that meets international standards in order to attract regional and international students among others. All in all findings from this study shows strong support for hypothesis 2.

**Figure : Percentage of competition versus non- competition strategic issues**



### **Discussion on impact of these findings on the performance of private universities in Jordan**

From the above tables and charts, it can be seen that very little attention is paid by Jordanian private universities to the issues of competition. 28% of all strategic issues contained in strategic statements are competition related, while 72% are not competition related. Such finding becomes obvious, until we examine the nature of the competition related

*strategic issues in the prior table. It shows that all of the competition related issues are general in nature- with no clear cut pattern for their attainment, and most of them are aimed at conforming to internationally accepted best-practices and standards. None of them is, however, novel or radical in nature, since none of them seems to have targeted a niche market, nor adopted any of the generic strategies of service differentiation, cost leadership nor focus strategy. It is clear at this stage that Jordan's private universities may be improperly equipped to compete favorably with their regional and international counterparts in the ever increasing competitive global higher education sector. I use the phrase 'may be' because in order to reach a certain conclusion about the position of these universities with regards to their competitive capabilities, further studies have to be carried out.*

*Taking the general performance of Jordanian universities as shown in their positions on reputable world ranking bodies, one can see that only public universities have shown any form of representation. The University of Jordan (JU) and the Jordan University of Science and Technology (JUST), both public university, are the only universities to have featured on the QS world universities ranking and the Eduniversal rankings. As at 2011, both universities made it to the 601+ ranking on the internationally reputed ranking system (2011 QS-Top Universities Ranking). However no private Jordanian university has got any of these rankings, including the five universities which participated in this study within the last three years. Also regionally, of all the universities which participated in this study, only Philadelphia University made it to the 70<sup>th</sup> position among the top 100 universities in the Arab region according to a 2012 Webometrics ranking.*

*The very low ranking recorded by private universities in Jordan is commensurate with the findings of this study. Whereas the public universities in Jordan are streamlining themselves to meet the challenges of the global higher education environment, the findings of this study show that private universities in Jordan are not yet prepared. While they all aspire to become internationally recognized universities, to meet international standards of infrastructure quality, and to be able to attract foreign students and professors, they do not have the right strategy to achieve those desires. This is evident in the findings of the study, where very little attention is given to the issues of competition, and managers do not engage in any form of environmental scanning to understand how the activities of local and foreign competitors affect their market position and the general lack of awareness of a suitable strategy formulation and implementation framework.*

## **Conclusion**

*The competitive strategies Jordanian private university have adopted over the years and how it has impacted their regional and international performance. This study contributes to the research on the competitive strategies of higher educational institutions, in the light of global competitive challenges. In particular, it contributes to the rising body of research on how private universities in different regions of the world cope with the increasingly competitive global education market and strategies they use to not only maintain and improve their competitive positions, but also acquire new market share regionally and internationally. Findings from this research show that Jordanian private universities are improperly equipped to deal with the current challenges and competitive threats in the global higher education sector.*

*This little concern for competition means that they are unaware and ill prepared to meet the current global higher education challenges. Also other important findings showed that the universities did not engage in environmental scanning activities and competitor analysis and as such are not aware of competitor actions which may affect their market position. They also were not aware of any suitable strategy formulation and implementation framework which was suitable for their peculiar environment.*

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