STRATEGIC GROUP MAPPING OF THE PRIVATE HIGHER EDUCATION INSTITUTIONS IN MUSCAT GOVERNORATE, SULTANATE OF OMAN

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Abstract - The article presents the descriptive analysis of competition among private higher education institutions in Muscat, Sultanate of Oman, and identifies main competitors' clusters using 'strategic group mapping' tool. Analysis of competitors in the market of private higher education institutions of Muscat and implementation of such mapping can provide important feed to formulating marketing strategies for particular private higher education institution in Muscat.

Index Terms - Competition, Private Higher Education Institutions, Strategic Group Mapping.

I. INTRODUCTION

Each company main challenge is to make a strategy to develop the business and become a leader in the market. This challenge becomes more difficult in conditions of strong competition, where all rivals shall address similar issues within their strategic planning. One of such issues is to analyze the competitive environment and identify competitive position of a company in the market. There are many tools used for this by marketers and strategic analysists, and one of them is strategic group mapping. Competitive environment of Omani market of higher education services is complicated and challenging in different aspects. It is complicated as it includes too many differentiated services to satisfy wide variety of specific and generic needs. It is challenging as the industry is underdeveloped in Oman and the market is booming due to the rapidly growing Omani population and prevailing and increasing part of youth in Omani population. Omani government provide generous support in form of scholarships to all citizen of Sultanate of Oman in the field of higher education in order to develop highly qualified and skilled labor force which can develop the economy further, stepping aside of oil and gas industries. Also, Oman is heavily investing in public higher education institutions and training centers. So, the market of higher education services is huge and very promising. Within this, to survive, develop and become a leader in this specific market for private higher education institution (College) is not easy. The main goal of the study is to identify competitive position of the College (one of private higher educational institutions in Muscat (Sultanate of Oman)) using strategic group mapping.

Objectives of the study:

1. Study competitive environment of Higher Education Institutions (HEI) in Oman and in Muscat and identify direct and indirect competitors among private HEI in Muscat.
2. Identify and evaluate main strategic drivers in order to use them as axes in the model.
3. Build a model of strategic group mapping among private higher education institutions in Muscat and identify their competitive position.

II. THEORETICAL BACKGROUND

Graham Leask and David Parker did excellent review and examination of the Strategic Group Theory in their work "Strategic group theory: review, examination and application in the UK pharmaceutical industry" [1]. Leask and Parker stated that two main schools contributed to strategic group theory: industrial organization school (works of Hunt, Porter, Oster, Caves and Newman) and strategic management school (works of Hatten, Patton and Cool) (Hunt, 1972, Newman, 1973, Porter, 1973, Caves and Porter, 1977, Newman, 1978, Oster, 1982, Hatten, 1974, Patton, 1976, Cool, 1985) [2-10].

Strategic group analysis is very sensitive to the variable chosen, according to reviews of McGee and Thomas (McGee, 1985 [11] McGee and Thomas, 1986 [12]). To specify properly the variables for strategic group analysis there is a need in deep and precise study of an industry and its context.

Cool described a strategic group as "a set of firms competing within an industry on the basis of similar combinations of scope and resource commitments" (Cool and Schendel, 1987) [13].

Bogner also defined the "competitive group" as "an intraindustry combination of firms which are following similar strategies. (Bogner, 1991) [14]. He concluded that strategic groups are not simply cognitive creations but are derived from artefacts of strategic intent, resource allocations and product introductions. Strategic groups are based upon managers' decisions based on individual firm performance and objectives and not on some group homogeneity.

Strategic group maps help managers to develop a classification of strategy pursued in particular industry. Comparing maps at different time intervals help managers to better understand the dynamics and evolutions of the industry. Managers can identify certain patterns of strategic behavior present in the industry, which can aid in predicting future actions. Identifying main rivals and their positions in the industry makes competitor analysis simpler (Bogner, 1991, Fiegenbaum and Thomas, 1995, McNamara et al., 2003) [14-16]

Strategic group mapping done in this article is based on detailed research of private higher education institutions of Muscat area drawing upon websites, published industry reports and bulletins, interviews.
The mapping presented in this article utilized the synthesis of different approaches to strategic group theory described above. It uses two key strategic variables in higher education industry as axes: average price of similar program and number of similar programs, as per Porter's suggestion "the best strategic variables to use as axes are those that determine the key mobility barriers" (Porter, 1980, p.152) [17].

III. METHODS

Descriptive research was aimed at describing phenomena of strategic group mapping. Also, explanatory research was used for deeper understanding of the sense of competitive environment and identify competitive position of a company in the market. Descriptive statistics was used to describe the basic features of the data number of students enrolled, registered and graduated in different universities and colleges in Oman.

Deductive theory was the most common view of the relationship between theory of strategic group theory and research of 63 higher education institutions in Oman. On the basis of what was known about a domain and theoretical consideration of strategic group analysis deduced a hypothesis that has to be subjected to empirical scrutiny (Bryman A., Bell E.) [18].

IV. RESULTS AND DISCUSSION

The Education Council states that there are 63 higher education institutions is Oman as per 2016 data. Among all HEI 35 are public and 28 are private. Public HEI are: Sultan Qaboos University, 6 Colleges of Applied Science under the supervision of the Ministry of Higher Education, 7 Colleges of Technology under the Ministry of Manpower, 1 College of Islamic Studies supervised by the Ministry of Endowments and Religious Affairs, 1 College of Banking and Financial Studies under the Central Bank of Oman, and HEI affiliated with the military apparatus.

In private sector of higher education there are 8 universities and 20 colleges. [20]

Total number of students enrolled in private Universities and Colleges constantly rise from 25988 in 2007 to 70294 in 2015 (see Figure 1.)[21-24].

Figure 2. provides the number of students enrolled in private HEI for 2013-2016 years and ranked as per last available year 2015-2016 [21-24].

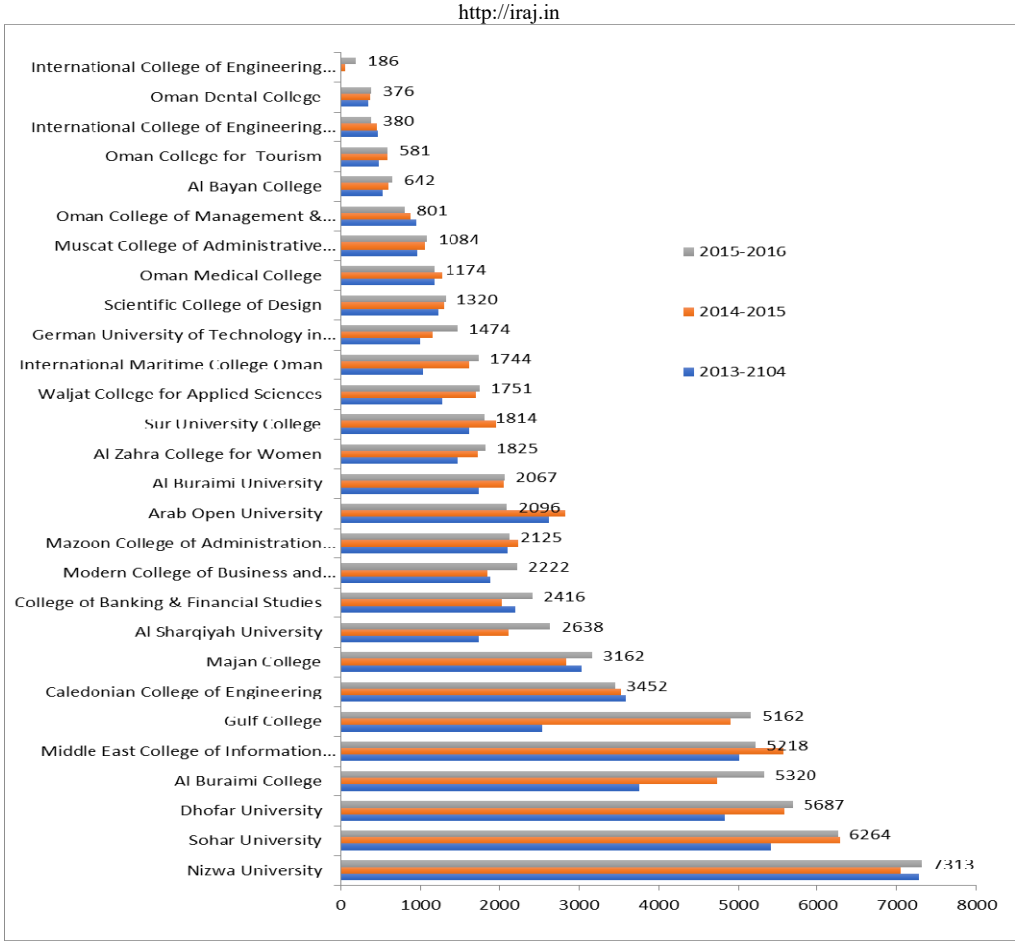

Figure 2. Number of students enrolled in private HEI for 2013-2016 (NCSI)

Figure 3. shows increase in total number of foreigners among students enrolled in private HEI from 2009 to 2015. What is significant in provided data is the fact that, although small in comparison to the number of Omani students, there is a foreign students market in Oman, which is growing: from 4.6% in 2009, insignificant decline throughout period of 2010-2012 to 4.5% and again reached 4.6% in 2013, increase to 4.96% in 2014, to 5.12% in 2015/16. Such trend is naturally in line with increase in expatriates' population in Oman in last few years [21-24]

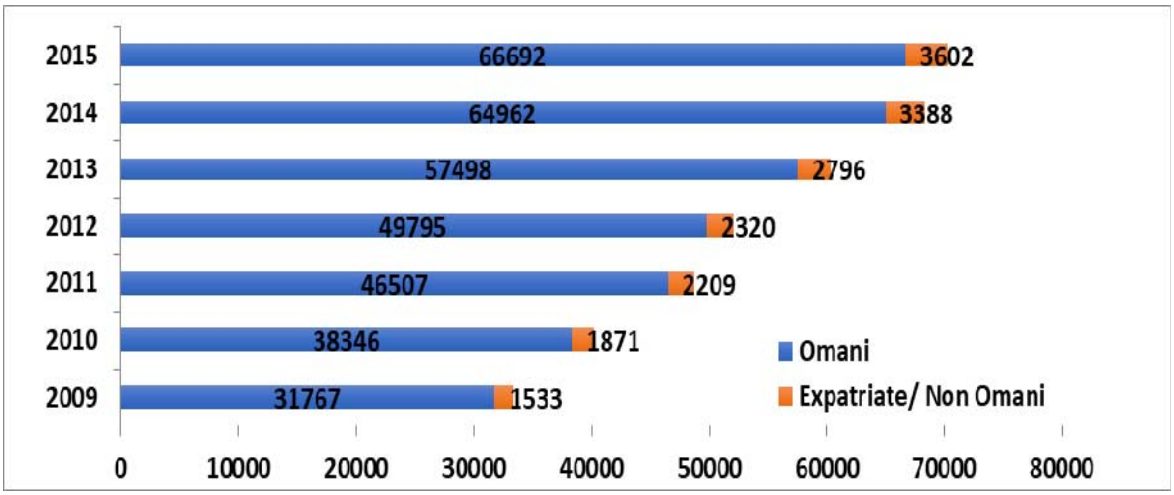

Figure 3. Students Enrolled in Private Universities and Colleges, 2009-2015, by nationality (NCSI)

Figures 4.illustrate the significant difference in number of male and number of female students, enrolled in private HEI, according to NCSI Higher Education Statistics Bulletins Issues 4, 5 and 6 [22-24].

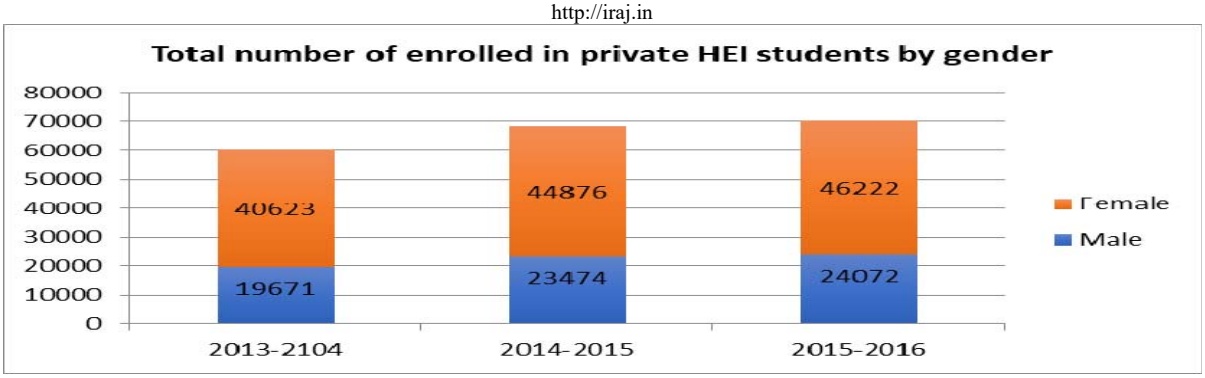

Figure 4. Total number of enrolled in private HEI students by gender (NCSI Higher Education Statistics Bulletin issues 4, 5, 6)

Figure 5. shows the number of students enrolled in private HEI with provided internal scholarship and grants in 2012-2016 years and ranked by 2016 [21-24].

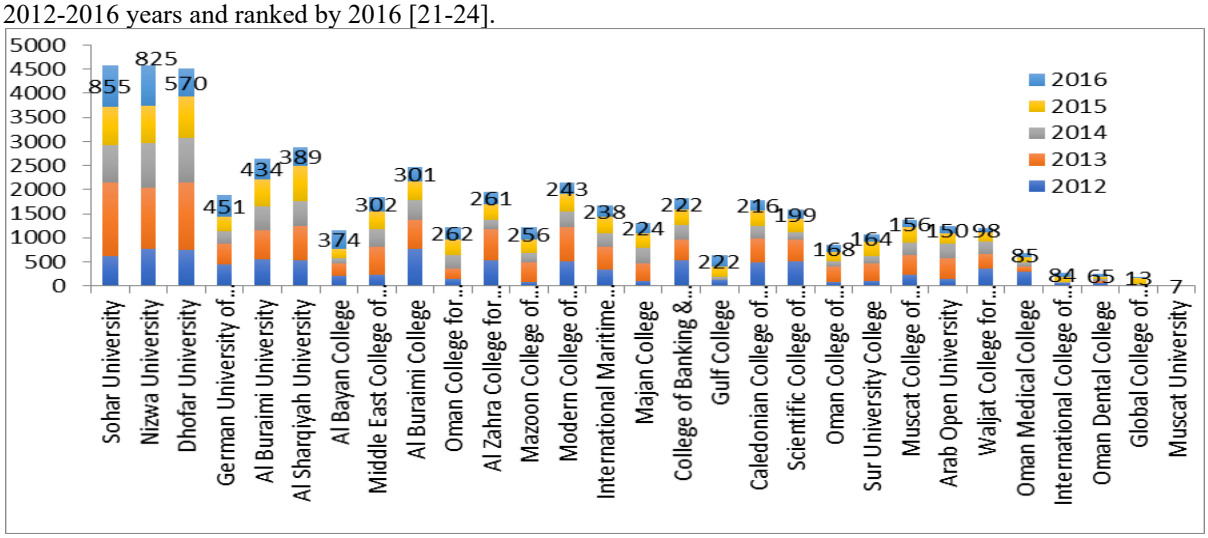

Figure 5. Enrolled students in internal scholarships and grants according to HEI, 2012-2016 (NCSI)

Figure 6. shows data of total enrolled, graduated and enrolled students in internal scholarships and grants according to HEI for 2015 ranked by total enrollment [21-24].

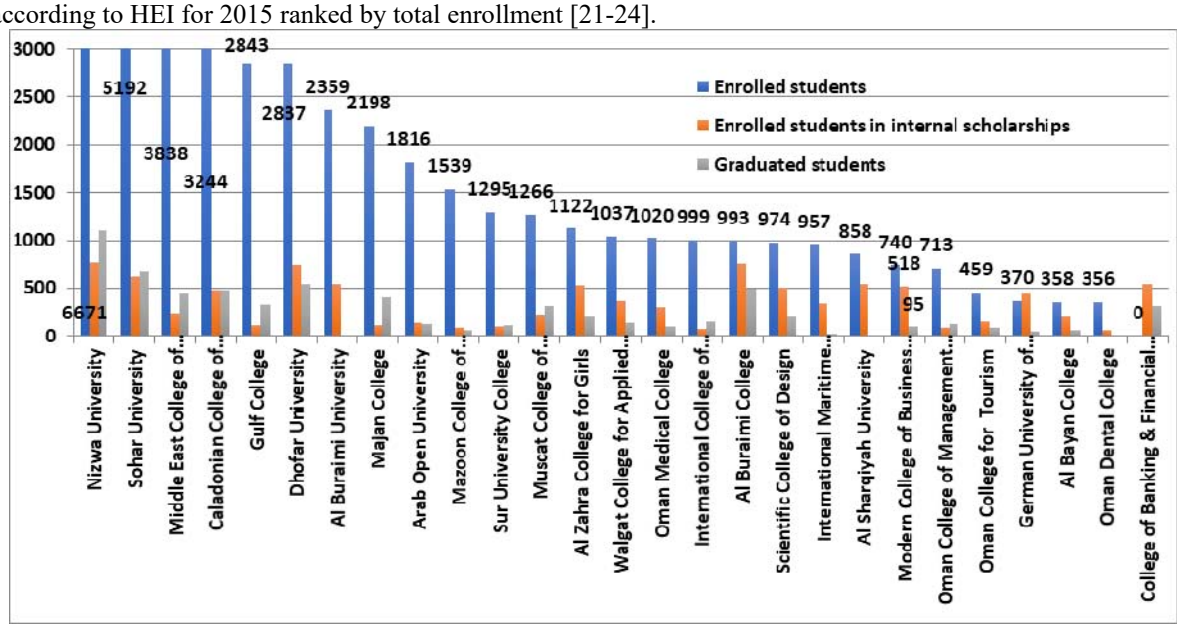

Figure 6. Total enrolled, graduated and enrolled students in internal scholarships and grants according to HEI, 2012 (NCSI).

Figure 7 shows position of different colleges and universities with enrolled, graduated and enrolled in internal scholarship and grants in 2015 [21-24]. So it's obvious that some HEI have improved their position in competitive market.

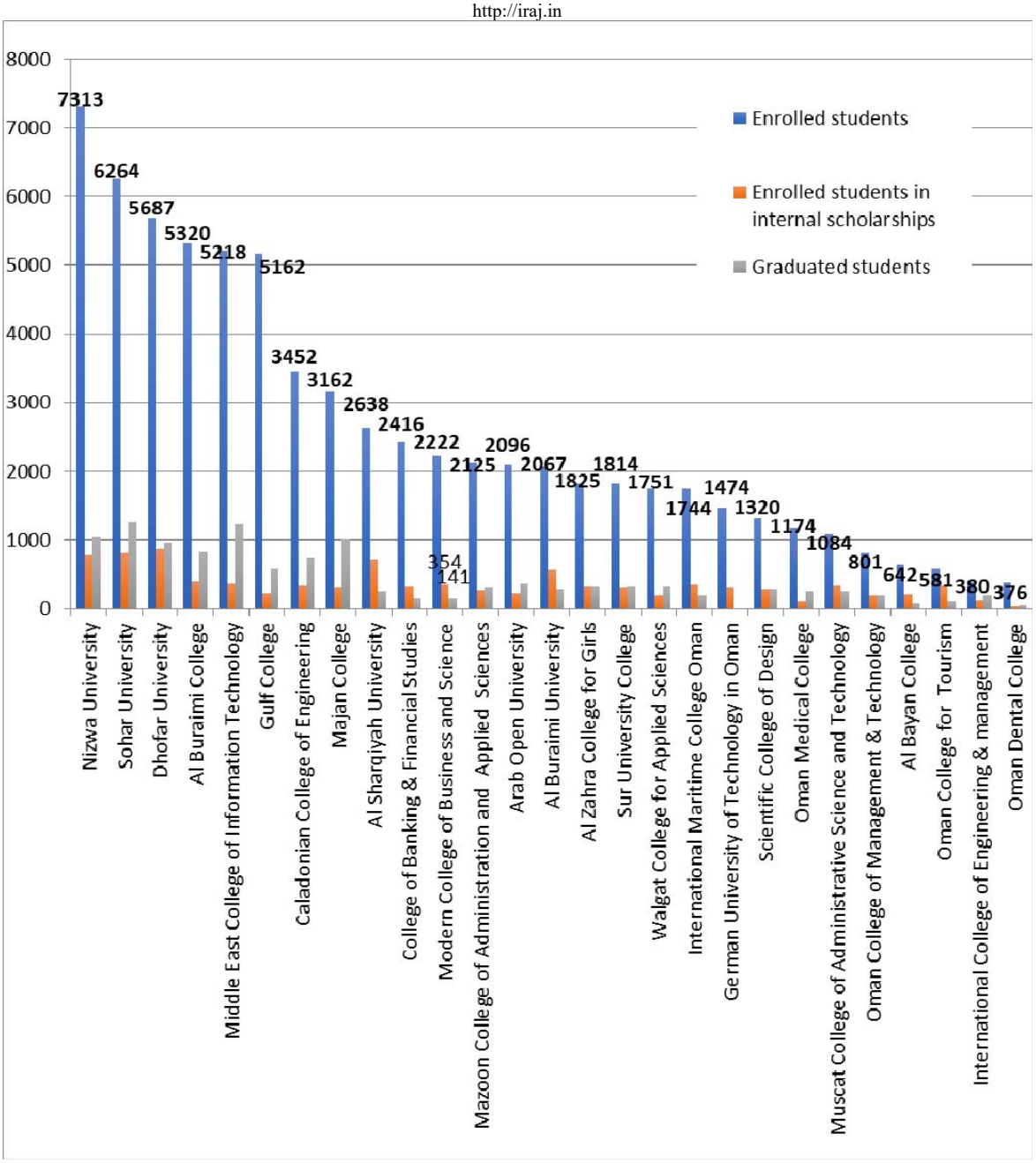

Figure 7. Total enrolled, graduated and enrolled students in internal scholarships and grants according to HEI, 2015 (NCSI)

Many colleges and universities in Oman offer Information Technology (IT) and Management & Commerce related programs. Figure 7 lists the private colleges and universities which offer I.T. and Management & Commerce related programs [21-24]. The private colleges and universities that can be considered as direct competitors are those located within Muscat and nearby Wilayats (i.e. Seeb and Bawsher) and those offering same degrees and specializations. Such competitors are presumed to be targeting the same market using similar approaches.

A strategic group mapping was conducted to determine which of the private colleges and universities are directly competing with each other based on two strategic variables: price, number and similarity of offered programs (data retrieved from respective websites of listed colleges). In the model one more driver is indicated: percentage of governmental scholarship granted to private higher education institution from Ministry of Manpower and Ministry of Higher Education.

Figure 8. below show clusters of competitors such as Majan College, Mazoon College, College of Banking and Financial Studies, MCBS, Gulf College, Middle East College, Arab Open University, Muscat College, Muscat University, International College of Engineering and Management, German University of Technology, Oman Tourism College.

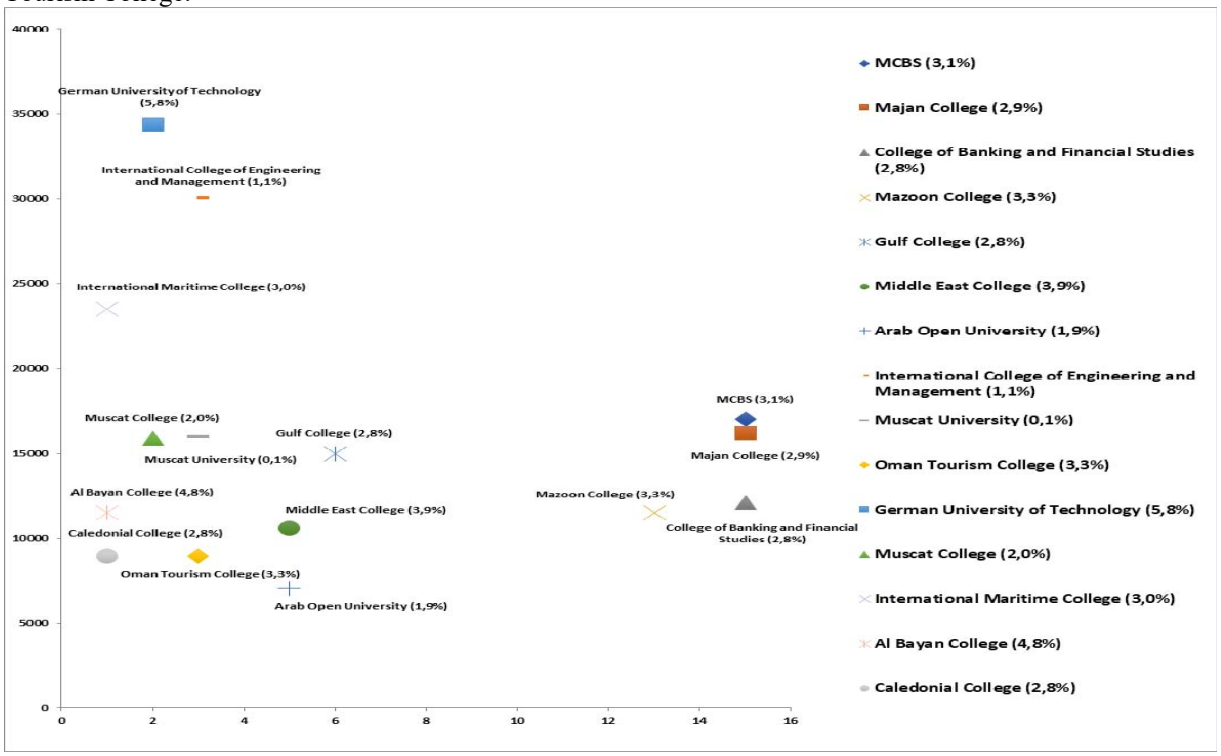

Figure 8. Strategic Group Mapping. Axe X: (1) average price (OMR) for Bachelor program in Commerce and/or IT (including foundation program), Axe Y (2) number of offered programs similar to those offered by MCBS. (3)- % of scholarships granted by Ministry of Manpower according to HEI in 2016.

CONCLUSION

Study shows that there are 28 institutions in the market of higher education institutions in Oman, among which are 8 universities and 20 colleges. The biggest number of institutions are allocated in Muscat, capital of Oman. According to geographical characteristic of market segmentation, and number of enrolled students in dynamic of 2006-2016 years the hardest level of competition in the market is Muscat region. Analysis of different characteristics of customers (students enrolled in different higher education intuitions), variety of offered programs, prices, and granted scholarship from ministries helped to identify main competitors in the market. 2 main drivers of the market were identified (number of offered Commerce and/or IT related programs and price) and used to generate strategic group mapping. Strategic group mapping matrix revealed that majority of higher education institutions act within 3 main clusters. First cluster include 4 colleges with high number of offered Bachelor Commerce and/or IT programs (12-16) and average and below average prices (10 000 – 20 000): MCBS, CBFS, Majan College, Mazoon College. Second cluster unite 8 colleges that offer relatively small variety of targeted programs (1-6) and average and below average prices (5 000 – 20 000). Third cluster include 2 colleges with relatively small variety of targeted programs (1-3) and above average prices (30 000 – 35 000): GUTech, ICEM. [26-40] Analysis of existing clusters reveal that colleges within same cluster use similar strategies and can help to identify core and comparative competencies of competitors, predict their future moves and /or aid in crafting generic strategies and strategies that help in strengthening competitive advantages.

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