



**KAPITEL 4 / CHAPTER 4**  
**METHODOLOGICAL ASPECTS OF A COMPETITIVE STRATEGY**  
**MODEL OF THE HIGHER EDUCATION INSTITUTION**  
**МЕТОДОЛОГІЧНІ АСПЕКТИ КОНКУРЕНТНОЇ МОДЕЛІ СТРАТЕГІЇ ЗАКЛАДУ**  
**ВИЩОЇ ОСВІТИ**

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## **Introduction**

New conditions of the functioning of higher education institutions have already changed the approaches to organizing their activities in the direction of reforming the management system. It happened in accordance with modern standards of flexible response to current challenges and potential impacts in the future, the level of management competences and the content of professional growth reserves. That is, the higher education institution definitely becomes a full participant in market relations. Furthermore, in spite of a clear social function, it acts as a business entity in the educational services market.

This status duality, on the one hand, imposes the need to follow the state's humanitarian policy and, on the other hand, determines its own competitive ambitions for the best examples of strategic modeling activities which are inherent in active entrepreneurship education.

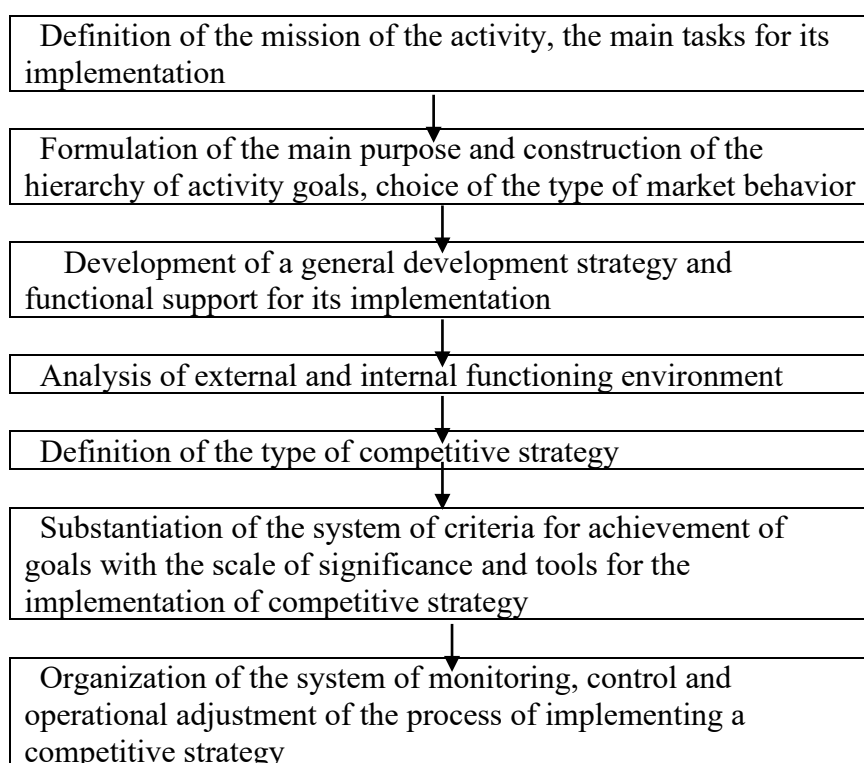
The sharpening of competition in the educational services market helps higher education institutions to develop original competitive trajectories in function of maximizing the existing and potential competitive advantages of the HEI in the target market segments. This maintains official status of the higher education institution as a social institution.

Thus, the stable and successful activity of higher education institutions in the conditions of the modern educational services market becomes possible when a management system is formed as the basis for strategic competitive advantages. These competitive advantages, which are difficult to copy to direct competitors, are a sign of a stable market position. Such a strategic direction for the development of the management system of HEI requires an intensification of the scientific search to new theoretical approaches, adequate tools and the scientific comprehension of progressive practical experience in solving such problems.

### **4.1. Competitive strategy model of the higher education institution**

According to the new paradigm, HEIs' management of adaptation, survival and development is achieved through constant monitoring of the situation in the educational services market, assessing its own position on it. Furthermore, it helps to predict the development path and determine the future behavior in the market environment based on trends in changing its main characteristics. In fact, it is about the creation of adequate management models of all educational-scientific-economic complex of the higher education institution. Moreover, the competitive dominance of the planning of the higher education institution determines the subordination of all of

its functional strategies, which have a role in supporting or providing. Summarizing the recognized theoretical constructs of this process, as well as the recognized experience of the leading HEI in Ukraine, its model interpretation can be visualized as follows (Fig. 1):



**Fig.1 The structural-logical scheme of the process of formation of HEIs’ competitive strategy in the conceptual interpretation.**

The first basic stage is the formulation of its mission and the main tasks for its implementation in the process of development of HEIs’ competitive strategy.

The important condition to the direction of the market behavior is strategic guidelines for the development of the university and the formulation of its mission. In a broad sense, the mission includes the philosophy of the organization. That is, it defines values, beliefs, priorities and principles, which operate the team in its activities. In a more limited sense, the mission declares the motives behind the creation, the main goals and directions of the organization, the products or services, which are produced by the organization. In addition, that is the potential audience of consumers for whom it operates, and the market format of presence in the external environment. The clearly defined HEI's mission not only objectively outlines the starting conditions of development and the ideology of effective management of it, but also provides the unique features to the educational organization.

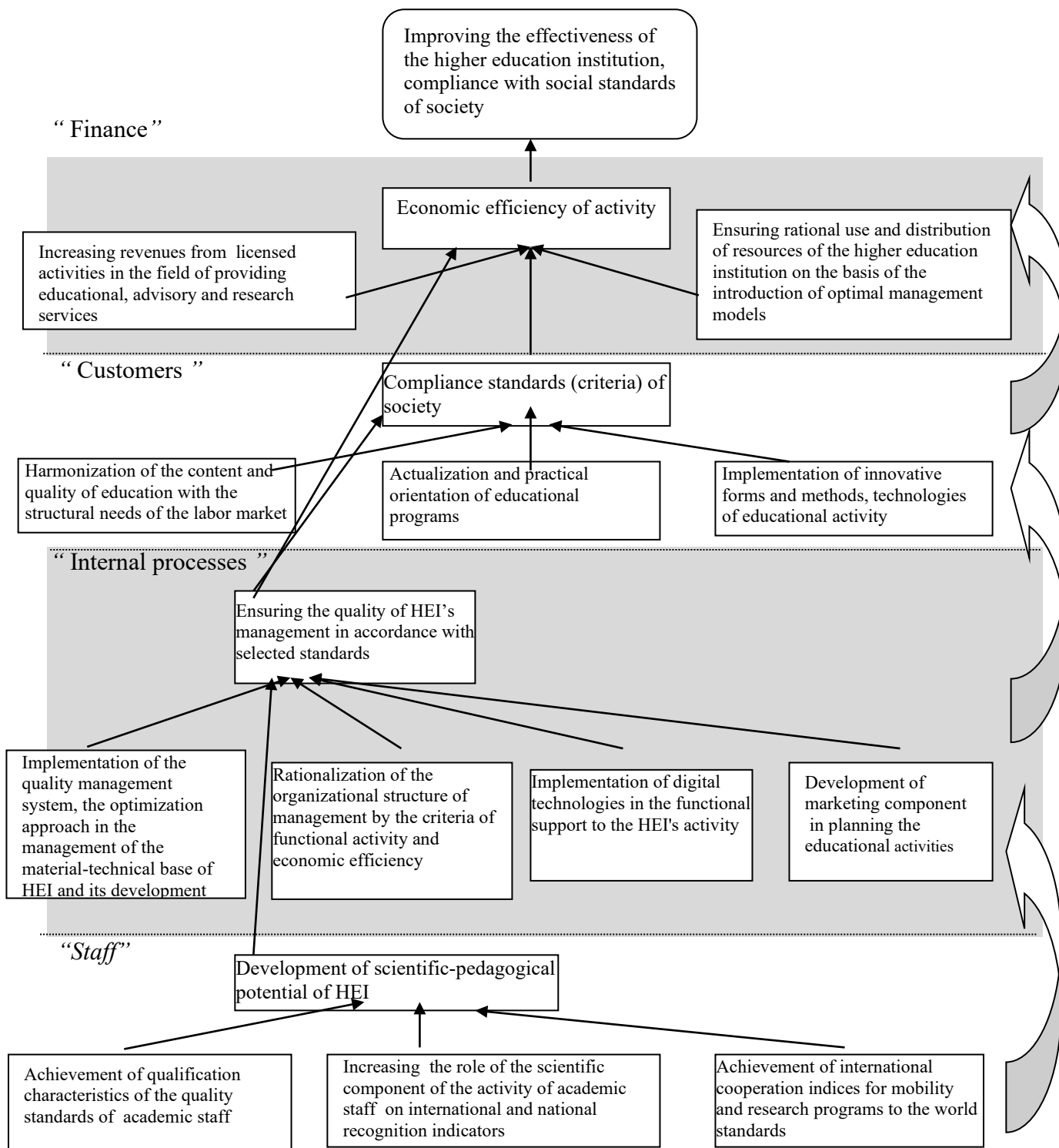
A clear awareness of the mission forms a platform for making managerial decisions about the direction of the development of the higher education institution in the future. These will formalize in a general strategy, where the main activities of the progressive movement are detailed by the functional centers of organization and resource provision.

The next stage of the formation of HEI’s competitive strategy is to formulate the



objectives of its market behavior, which will reflect the target results for key types of activity.

Strategic objectives should characterize the general profile model of the presence of HEI in the educational services market and determine the dominant key areas of the HEI's activity. Moreover, the process of constructing a system of strategic objectives should be based on the peculiarities of the national model of higher education and its state regulation, indicators of the state of competition in the



**Fig. 2 - Project interpretation of «strategic map» for the HEI in the modern paradigm of strategic management.**



educational services market, the forecast of the labor market conditions, as well as the assessment of the existing potential and traditions of the higher education institution.

The stage of formulating the strategic objectives is a complicated and labor-intensive process because it involves the creation of a coherent target model of activity.

It is proposed to formulate objectives on the basis of strategic map in areas of financial goals, customer goals, internal goals and the organization's ability to develop and grow. This is based on the Balanced Scorecard (Balansed Soressesd - BSC).

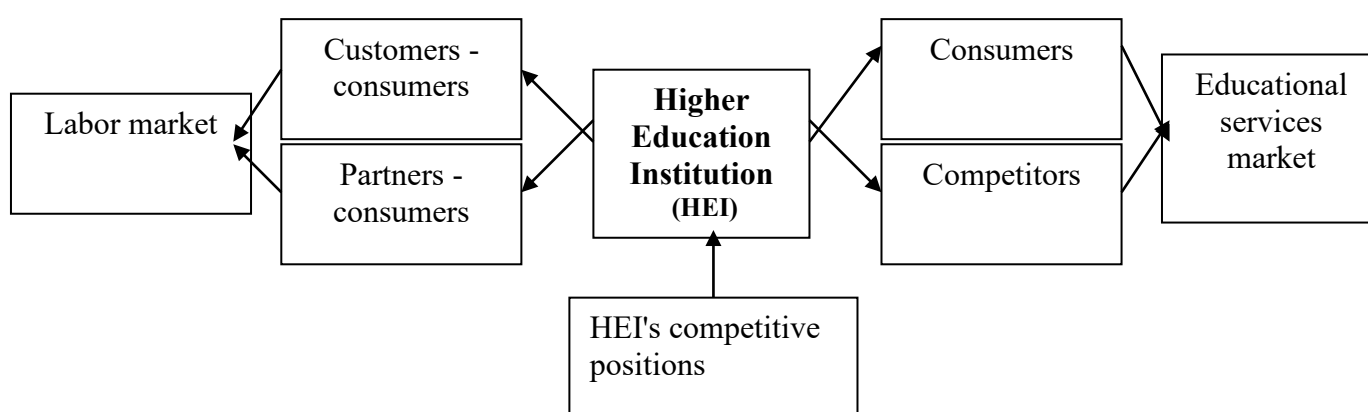
These four areas for higher education institutions should be formulated as follows: "Finance", "Customers", "Internal processes", "Staff".

We can describe this approach as the main features of the strategic management of strategic map. It can be represented as follows (Fig. 2).

#### 4.2. Diagnostics of external and internal environment of higher education institution

First of all, the process of forming a competitive strategy, which exists as an instrument for determining the conditions of survival, development and market victory for any organization, should consist of the assessment of the impact of the external environment and the comparison of its own resources and capabilities. The higher education institution should also have the same components as the process of forming a competitive strategy. In addition, they include the diagnosis of force competitive pressure and the characteristics of its sources. Moreover, it is rational to carry out such an analysis in separate directions such as the macro and micro environment of the functioning of the control object.

Structural characteristics of the HEI's microenvironment consist of the following elements (Fig. 3):



**Fig. 3 - The main components of the microenvironment of the higher education institution.**

The analysis of the functioning microenvironments of the higher education institution in the general approach should include the following main blocks:

- definition of the main characteristics of education as an industry in the current period and their retrospective trends. It is evaluated the situation of the required



specialties in the labor market as well as the capacity, structure and growth rates in the educational services market. Moreover, it is also estimated the scale and severity of competition, quantitative characteristics of higher education institutions in the market. Furthermore, it is compared such components as conditions of entry into the industry and the exit from it; trends of technological changes in the organization of educational process; the degree of standardization or individualization of educational programs which include the competition among higher education institutions; participation in academic mobility program, etc.;

- identification of the consumers of educational services. It is analyzed their composition by territorial origin, degree of mobility, demographic and socio-psychological characteristics, etc. It is also estimated their awareness, the volume of solvent demand, the attitude and degree of loyalty to a particular higher education institution.

- definition of competitors among higher education institutions which have an identical product specialization and development strategy in the same segment or adjacent market. To analyse competition, it is necessary to evaluate the sources and tools of competitive pressure in terms of competition between higher education institutions in the region according to their specialization and competitive advantages. In addition, the current stage has a significant impact of the external education markets, which manifests itself in increasing the student outflow intensity for mobility programs and internationalization of education (i.e. the outflow of participants of process is greater than the inflow of participants in the national market);

- assessment of the key factors of the success of the higher education institution. The analysts generally consider such key factors as the competitiveness of graduates (their demand in the labor market); image (brand); the content of educational services; the list of educational programs; location; conditions of learning; participation in international mobility programs; the possibility of continuing education, including higher education degree abroad; social and living conditions, etc. Clear identification of factors, which play a decisive role in achieving long-term competitive advantage, is the key to the successful competitive strategy;

- the study of the labor market and the profile and territorial characteristics of regional employers, who make up the potential audience of consumers in the employment of HEI graduates, allow to predict the effectiveness of the higher education institution through the criteria for the demand of its graduates. It is determined the parameters of the labor market capacity which forces the HEI to take an active part in influencing these processes through the establishment of promising links with employers as partners. This partnership allows to provide the practice bases for students with the prospect of further employment as well as to make the symmetrical recruitment services for graduates. Moreover, this will give an opportunity to implement the research on commissioned business environment with the implementation of results in the educational process and practical activities, etc.;

- involvement of partners such as enterprises, organizations, state authorities who are attracted the participation of their representatives in the Supervisory Board of the HEI, work in the examination commissions, conducting open lectures,



modernizing educational programs in order to achieve their specific practical orientation, sponsoring scientific, educational and cultural events, creation of a positive image of the higher education institution.

For example, Fatkhutdinov (2004) considers the main factors of the macro environment of the organization include economic, political, socio-cultural, scientific and technological, natural-climatic, demographic, etc. One cannot but agree that the list of these factors also takes place in the HEI's activity.

PEST analysis, which is a tool for analyzing the environment, is most frequently used by higher education institutions. For the reason that, PEST analysis allows to universally investigate the political, economic, socio-humanitarian and technological factors of the organization's external environment in the focus of their influence on the parameters of activity.

PEST analysis, which is an analytical tool, provides an opportunity to form an objective notion about the real situation of the higher education institution in the current dimension. Besides, PEST analysis allows to assess the prospects and directions of its response to the impact of the most significant external factors.

The identification of the environmental factors of the higher education institution should be based on their availability to quantitatively measure the significance of the impact on the activity of the higher education institution and the organics of the specificity of its occupational orientation.

According to many scientists, the factors of the environment are shown in the following table (Table 1.):

**Table 1.**

**Factors of the environment of the higher education institution**

Political factors (P)	Economic factors (E)
<ul style="list-style-type: none"> <li>- the state's attention to education and scientific development;</li> <li>- the situation in the field of the reformation of the higher education system;</li> <li>-social stratification in society;</li> <li>-the intensity of internationalization of higher education.</li> </ul>	<ul style="list-style-type: none"> <li>-economic dynamics in the country;</li> <li>-the average annual inflation rate;</li> <li>-negative trends in changing the population's solvent demand;</li> <li>- the decline (growth) in the household's level of income;</li> <li>-the intensity of international competition in higher education.</li> </ul>
Social factors (S)	Technological factors (T)
<ul style="list-style-type: none"> <li>- the educational attainment of the population;</li> <li>-the populations' demand for higher education without proper orientation (with orientation) towards labor market needs;</li> <li>- changes in the demographic profile of the population in the country.</li> </ul>	<ul style="list-style-type: none"> <li>-requirements for the education quality;</li> <li>-the level of development of education and information technologies;</li> <li>-the availability of individual learning trajectory, an increase in the proportion of independent work of the student and a wide range of disciplines, the development of distance learning and educational technologies;</li> <li>- the implementation of technology to control the observance of academic integrity;</li> <li>- a modular approach to the organization of student groups in the classes.</li> </ul>



Results of PEST analysis are the basis for determining the trends of changing parameters in the external environment and measuring their impact on the activities of individual higher education institutions. The systematic PEST analysis will allow to ensure sufficient flexibility in the competitive strategy of the higher education institution in accordance with the change, the nature and strength, on which are influenced by one of these four factors. Moreover, it gives an opportunity to respond promptly to these challenges and adjust the content and its target orientation.

### **4.3. Competitive advantages of higher education institution.**

An analysis of its internal environment is one of the important stages in the process of development of HEI's competitive strategy. The purpose of this analysis is to identify the opportunities (competitive advantages), which help the higher education institution in its activities, as well as inconsistencies which are subject to mandatory elimination.

As a rule, structural analysis of the internal environment of the higher education institution is carried out in accordance with the following blocks (indicators):

- organizational and financial support;
- staff;
- information support;
- material and technical support;
- research and innovation activity;
- international activity;
- marketing communication activity.

The method of SWOT analysis is widely used to diagnose the internal environment of higher education institutions.

Representatives of 48 higher education institutions of Ukraine were surveyed in order to identify the most important strengths and weaknesses of the higher education institutions and the factors, which hinder their effective activity and the main opportunities for improving the efficiency of the activities. The results of this survey (in the ranking sequence of indicators) are presented in Table 2.

So, according to the logical method, SWOT analysis is achieved:

1. Identification of the strengths and weaknesses of the HEI's activity.
2. Identification of external opportunities and threats.
3. Measurement of opportunities which withstand the threats and protect them from the potential strengths of the higher education institution.
4. A meaningful definition of the type of strategy, which is based on the combination of strengths, weaknesses, opportunities and threats of the HEI's activity.



Table 2.

**SWOT analysis of Ukrainian higher education institutions in accordance with the survey results**

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> <li>1. Modern material and technical base;</li> <li>2. Flexibility in opening new specialties, taking into account the development of industry prospects and the labor market;</li> <li>3. High level of scientific potential;</li> <li>4. Successful graduate employment policy of HEI;</li> <li>5. Established international scientific and educational links;</li> <li>6. High level of corporate culture;</li> <li>7. Good reputation among consumers;</li> <li>8. The presence of clearly formulated missions and goals of activity;</li> <li>9. Effective marketing strategy;</li> <li>10. The presence of effective postgraduate doctoral programs and, accordingly, the network of specialized academic councils for the dissertation defenses;</li> </ol>	<ol style="list-style-type: none"> <li>1. Low salaries of the teaching staff;</li> <li>2. Insufficient material and technical support of the educational process;</li> <li>3. Lack of motivational mechanisms of scientific activity;</li> <li>4. Inefficient management system;</li> <li>5. Ignoring labor market requirements in the process of training specialists;</li> <li>6. Insufficient levels of finance to the HEI's activity;</li> <li>7. Low level of informatization and underdevelopment in the using computer technologies and ineffective methodological provision of educational process. Poor quality of educational programs;</li> <li>8. Poor quality of education program;</li> <li>9. Low level of informing society about its activities;</li> <li>10. A narrow range of educational products;</li> </ol>
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> <li>1. Partnerships and cooperation with the business environment;</li> <li>2. Multi-channel financing;</li> <li>3. Use of modern information technologies in the educational process;</li> <li>4. Receiving a state-commissioned portfolio for training specialists;</li> <li>5. Use of own development trajectory based on the autonomy of the higher education institution;</li> <li>6. Entering new segments of the educational services market;</li> <li>7. Use of modern configurations of organization of educational process, methodical assistance and didactic support;</li> <li>8. Expanding the areas of specialization in educational activities;</li> <li>9. Opening subsidiaries, the creation of a modern infrastructure.</li> </ol>	<ol style="list-style-type: none"> <li>1. Lack of government's strategy development of educational sphere;</li> <li>2. Unfavorable economic situation in the country;</li> <li>3. Unfavorable demographic situation;</li> <li>4. Reducing the quality of school education;</li> <li>5. The intensification of competition in the international market of educational services, the expansion of foreign universities;</li> <li>6. Reduction of investments in R &amp; D;</li> <li>7. Changes in the needs and requirements of consumers;</li> <li>8. The deteriorating situation in the labor market;</li> <li>9. There is a high correlation with the pace of development of the educational services market.</li> </ol>

[Based on the questionnaire survey].

**4.4. Formation of competitive strategy**

The next stage in this process is a direct selection of strategy.

Consequently, the HEI's competitive strategy is as a major action plan which involves the development and testing of strategic objectives for the further





functioning of the higher education institution as well as the accumulation and utilization of resources necessary for their achievement.

The HEI's competitive strategy describes the actions aimed at achieving the development goals (e.g., an image of market leadership, financial stability, economic growth, etc.). So, it is obvious that the basis of the conceptual model of the HEI's competitive strategy is the available and potential competitive advantages, which are consecutively formed by the higher education institution for the assessment.

These arguments can be considered:

- resource-based competitive advantages, which increase the efficiency of educational services and their value in the eyes of consumers (i.e. advantageous location, level of qualification, public recognition for academic staff, scientific schools, availability of intellectual property objects, their number, etc.);

- technology-based competitive advantages, which are manifested in the use of modern educational technologies;

- innovation-based competitive advantages, which are formed in the higher education institution as a result of its flexible adaptation to the changing market conditions of the labor market and its structure by updating educational programs, introducing the newest configurations (organizational forms) in the educational process. In addition, it also is a result of the teaching staff and students' scientific research work, which has an important result for the society;

- global competitive advantages, which are in a global competitive environment as well as in the struggle for students, sponsors, employers on a continental or global scale. In this case, the competitive advantages of the higher education institution are verified through public recognition of the quality education as well as graduates' success in the career path, etc.

- competitive advantages in the cross-cultural relationships, i.e. countries with similar (different) cultural values are ready to cooperate on the problem of the creation and launch of new educational products, technologies, mobility of students and teachers, financial cooperation with each other. It is on the basis of a coordinated finance between HEI participants.

The presence of competitive strategies does not confirm, but rather rejects the possibility of the universal competitive strategy for any higher education institutions. This is explained by the fact that, the mission and strategic goals of each higher education institution are individual, as well as the list of external and internal factors which have different character of influence. In the practice of strategic management, the higher education institution is the most commonly encountered with several strategies, which have different approaches. Thus, the uniqueness of a strategy, which meets the specific prerequisites for the long-range planning activity, depends on the combination of these approaches. The use of basic competitive strategies in this process allows higher education institutions to focus on adding original components which reflect the real complexity of the activity.

According to the observations of many scientists, the following types of competitive strategies have become the most popular in practice such as cost leadership strategy, differentiation strategy.

The basis of cost leadership strategy is the HEI's efforts to expand its market



share due to lower prices for educational services. Although such an advantage is achieved mainly by reducing the cost of developing the material and technical base, the infrastructure of the educational process, the remuneration of academic staff. Such an approach can also be reflected in the quality of services, and hence in the amount of their consumption, which, of course, will affect the competitiveness of the higher education institution in the future.

There is no denying that the competitive strategy of a higher education institution should be directed, at least, at that its potential advantages can be maximized in specific market segments. This principle for the higher education institution is based on a basic competitive differentiation strategy, which helps the HEI to focus on a limited target market and to involve the creation of high quality educational services at a high price. Moreover, it consists in a desire of the higher education institution to increase the number of students and to expand the market segment by providing modern educational services.

Non-public (private) higher education institutions are more likely to adopt competition strategies when they focus on a particular segment of the market, intensifying their efforts to provide a narrow set of educational services within a limited number of specialties. In this case, it is chosen an educational model or a large number of students for the learning process at lower cost (i.e. a significant cost in high quality training).

Adopting modern social and economic realities of functioning can be considered an "organizational and integration" strategy of competition with the innovative component, which is based on the intensification of amalgamation process of the higher education institution with partners in the business environment and the public sector. The overall goal of such a competitive strategy is to achieve a synergistic effect from the combination of the potential of various organizations and enterprises which are leading in the system of professional recognition and the higher education institution. Furthermore, it will provide a fundamental component of the quality in higher education.

In recent years, such a theoretical construction of competition has emerged as a "paradigm of dynamic capabilities".

The same strategy, which corresponds to such an orientation of actions, is considered in the area of expanding existing general and special competences of the higher education institution, according to changes in the environment. It is argued that ever-changing competitive environment, sooner or later, deactivates key competencies which were gained. Then, the competitive strategy of the higher education institution should be preventive and anticipate, using innovative tools to ensure the dynamic production of services, the accumulation and integration of skills to produce new knowledge and competences within the higher education institution.

Implementation of a competitive strategy essentially completes the process of strategic planning of competitive behavior of the higher education institution. Furthermore, the results of the actual implementation of the competitive strategy materialize the predicted efficiency. Although, the various factors (internal and external origins) have influence on the process of strategy implementation as at the previous stages.



As a rule, the HEI's strategic plan is a working tool for the implementation of a competitive strategy. The HEI's strategic plan, which is developed as a permanent document for a period of not less than five years, reflects the main goals and measures. These ensure the target level of competitiveness of the higher education institution and the position in the educational services market.

The development of such a plan is based on the outgoing information, which is the result of the parameter analysis of the external and internal environment in the higher education institution.

In general terms, the strategic plan is an integrated document, which consists of several parts based on the most important kinds of activities and actions. These will ensure the achievement of educational and economic goals of the higher education institution, which fill the strategic complex of competitiveness. In general, the draft strategic plan, according to its parts, includes the following major components:

- educational, scientific and technological activities, including the improvement existing educational programs and methodological support; formation of educational programs and methodology support to new specialties and specializations; development of foresight-research priority directions in the higher education institution;

- innovative development of educational, scientific and technological potential, including as equipping the educational laboratories and scientific departments with modern equipment; purposeful provision of academic departments by quality staff; introduction of the latest learning technologies; development of information support (databases, methods, technical means); multimedia tools; introduction of digital technologies in the management of the higher education institution; filling platforms in vocational education and distance learning;

- organizational and technical modernization activities to the functional sector of management; improvement of payment mechanisms; organizational determinacy of economic relations with state authorities, enterprises and partner organizations;

- economic activity - improvement of the order and stimulation of the intensity of receipt of financial resources (budget financing from individuals and legal entities under commercial contracts); the structure of use of financial resources (cost estimates); improving the quality of accounts receivables and payables;

- improvement of the effectiveness model of the HEI's functioning on the criteria of the intensity of staff loading, the financing structure (according to different sources); the target correspondence of the use of available potential, the optimality of the payment system (by categories of staff).

Positive practical experience proves that a specially established group of experts, which consist of qualified specialists in their fields, are added to the structure of the functional units of the existing organizational structure in order to form a strategic plan of the higher education institution.

The final stage in the structural-logical scheme of the process of forming the HEI's competitive strategy is the organization of monitoring, control and adjustment of the parameters of a competitive strategy in the course of its implementation.

The ideology of control considers the use of special methods and tools as an operational process to monitoring and evaluating the implementation of strategic



goals, resource costs, and performance indicators. It can be used during the initial, intermediate, and final stages of the implementation of the competitive strategy.

Monitoring the implementation of a competitive strategy, which precedes the control realization, is an important phase at the end of this process. Monitoring is an isolated activity to monitoring the strategy implementation based on the accumulation and collection of information, which objectively reflects the processes of change and conditions according to the strategic guidelines, as well as the formation of forecasting changes in the future.

The strategic plan can be adjusted as the results of the monitoring process of strategic management of achievement goals, formation and use of strategic potential of the higher education institution, as well as the analysis of the educational services market. After all, monitoring can reveal new opportunities or unforeseen difficulties, the response to which should be taken into account in the amendments to the strategic plan.

## **Conclusion**

The development of market relations in the field of higher education in Ukraine needs the creation of new managerial models, which form clear management blocks such as the development of competition policy, the formation of its own competitive strategy and the implementation of long-term strategic vector planning.

According to the modern paradigm of strategic management and the model of its implementation in the organization of this process, it is allocated the option of forming a competitive strategy, the source of its uniqueness for a specific object and a platform of universal configurations. Thus, there is the deepening of the theoretical foundations, which depend on the content of the most competitive strategy of the organization, and the process of its development on the object planning. This allows to develop a typical conceptual model as a projection for the higher education institutions.

A study of the activities of existing universities in Ukraine is based on available statistics and questionnaires in the focus of the strategic direction of their management, as well as analytical materials of an expert nature. This has made it possible to develop a fairly pragmatic system of strategic goals using the strategic map method. Moreover, the author's position is stated in the architectonics and logical content and main dependencies, which meets modern criteria and regulations of state and public accreditation and rating national and global assessments.

The author's position in terms of objectivity strengthens the concretization of factors of the external and internal environment of the HEI in the Ukrainian realities, which was achieved by measuring these effects in the metrics of SWOT and PEST analysis during the survey.

According to the technology of development of the HEI's competitive strategy for the individual stages of this process, judgments were formed about the features of their competitive behavior and the ideology of planning a competitive development path. Furthermore, it is allocated educational, scientific, technological, industrial, organizational, technical, and economic (including commercial) components, which



may be formed according to the maximum efficiency of activity and optimizing the correlation of the social and financial result of activity. In such a case, it is an original acquisition.

Thus, the author's model of developing competitive strategies of HEIs has emphasized the modernization of tools to increase motivation, modernization of methodological support of this process. Moreover, this model has provided strategies for finding ways to achieve economic well-being and comfort image, which inherent in their activity in Ukraine.