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Title: Internationalisation as an alternative strategy for a university development; case study of Poznan University College of Business and Foreign Languages (PUC) strategy 2005 - 2009

Summary

The case study presented in the paper was prepared based on Poznan University College of Business and Foreign Languages case study, and will be useful mostly for students of strategic management, but also for managers involved in the education sector.

The main problem in the case is: how to survive on the very competitive market when rules of the market game change and are not clear; what strategy should a non-public school implement to fight with public giants supported by government; and the last but the most important question, is "internationalisation" the best solution for domestic competition?

In post-communist period, Polish education market became very attractive. A lot of people did not have a high school degree, labour market needed well educated employees, so "education" on different levels became a very profitable sector of business. After first years of the "boom", market of education in Poland evaluated and became one of the most competitive in the whole Polish sector of economy. In this paper, the author presented strategic analysis of the non-public university college adaptation process to environmental changes and described advantages and disadvantages of internationalisation strategy.

The case study presents situation in 2005, when the strategy of the PUC has been planned and implemented.

Section I

1.1. General information

Poznan University College of Business and Foreign Languages (PUC) was located in Poznan, one of the biggest Polish cities, known as an academic and business centre, with convenient connection to other European cities (airport, railway station, bus station).

The PUC was a private undergraduate institution founded on 3 October 2001. The university college was established in accordance with the provisions of Poland's National Education Act, 29 June 1997. Having been fully accredited by the Polish Ministry of National Education and Sports, the university college has been entered into the National Registry of Private Higher Vocational Institutions and offers an English language Bachelor of Arts in Business Management[1].

In 2005, the university college offered a 3-year bachelor's studies in Polish in the Faculty of Management in Business in the following specializations:

- Logistics in a Company,
- IT in Business,
- Accounting in Business,
- Psychology of Management,
- Human Resources Management,
- Management in Business – Studies in English.

Students might choose between two modes of studying: full-time and part-time (weekend).

As of the academic year 2004/2005, 717 students were enrolled. The number of students has been increasing each year as presented below.

Table 1. Quantity of students of PUC

Academic year	First year admission	Number of students
2001/2002	43	43
2002/2003	133	156
2003/2004	239	407
2004/2005	356	717

Source: ECTS Guide of the PUC[3;p.1]

In the PUC, the following employees were employed at the university college:
- Academic teachers employed full-time - 15 persons,
- Academic teachers employed part-time - 23 persons,
- Administrative employees employed full-time - 5 persons

The total number of employees at the university college is 43 persons.

1.2. Mission, vision, strategic goals

The PUC followed its mission to "educate managers opened to the World". The PUC saw its graduates as people, who will be owners or managers of SME, but they must be also people widely looking for the World, it means they should know other cultures, religions and languages, they know different styles of living, different paths of career, and they are tolerant and open-minded.

In 2005, the PUC established few strategic goals:
a) to increase quantity of full-time students,
b) to increase quantity of part-time students,
c) to achieve a good position on the international education market.

Based on Polish market reality, full-time studies give prestige, part-time money, but international position is a weapon against domestic public schools lobby.

In relation to strategic goals, from 2005, the PUC has been focused on two strategies:
a) penetration – increasing market share on the part-time studies market in Poland,
b) market development – internationalisation.

1.3. Analysis of external environment

Economical component

According to OECD report[4;p.23] public expenditure on tertiary education in 2002 (both on institutions and on subsidies to households) stood at 1.1% of GDP, the 18th highest percentage among the 28 OECD countries. 96.4% of public spending on tertiary education was allocated as direct subsidies to institutions (the 3rd highest figure in the OECD area), but what was not written in OECD report, most of those money was received by public schools.

Another aspect presented in the report is the proportion of spending on tertiary education coming from private sources: in 2002, 30.3% of expenditure on tertiary education institutions was derived from private household expenditure (6th highest share for the 27 OECD countries for which data are available). Authors of the analysis underline two factors: high enrolment levels in private institutions, and the high proportion of students paying tuition fees in public institutions.

Table 2. Annual spending on education institutions per one student compared to GDP per capita (2005)

Annual spending on education institutions per one student compared to GDP per capita (2005)	
Australia	43
Czech Republic	33
Germany	41
Greece	24
Holland	40
Japan	41
Poland	**41**
Slovakia	36
Sweden	49
Hungary	37
Great Brittan	43
OECD – average	**40**
EU19 - average	**38**

Source: *Założenia do nowelizacji ustawy – Prawo o szkolnictwie wyższym oraz ustawy o stopniach naukowych i tytule naukowym oraz o stopniach i tytule w zakresie sztuki*, Polish Ministry of High Education, 2009[8;p.5]
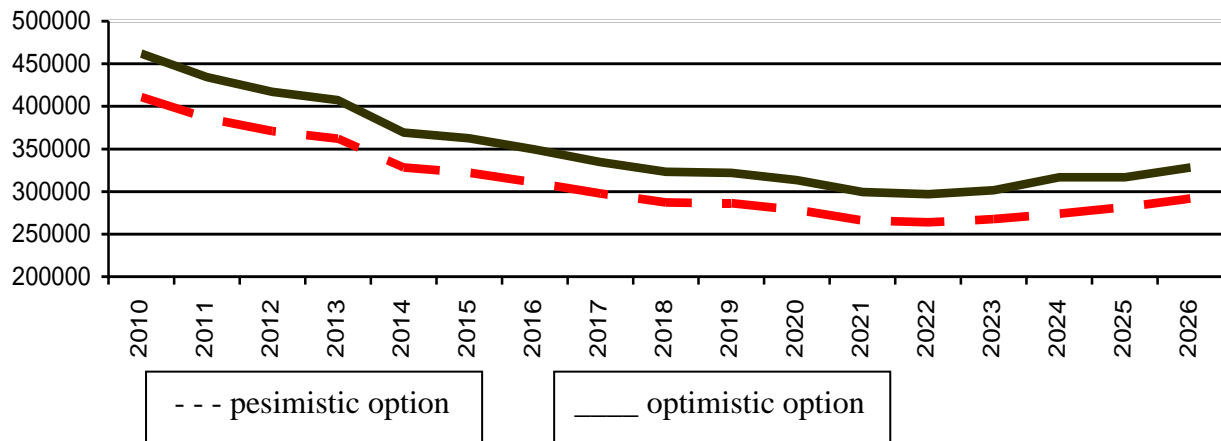
Social component

In 2004 Poland's population was 38.2 million. In the 30 – 34 age group of Polish citizens the rates for those with tertiary education are only 6.6% (male) and 6.7% (female)[4,p.14]. Decrease of population in the 19-24 age group (potential students) is observed.

But, not only people from 19-24 age group were interested in studies. Quantity of students rapidly increased because older people had to develop their education. From the social perspective there were plenty of reasons to study; the most important are: Polish labour market expectations, Polish people access to European labour markets, Self-actualisation

need. Apart from mentioned, there were two more reasons: male students did not have to go to army and male/female orphans during studies received pension from government.

Graph 1. Potential candidates for students in Poland 2010 - 2026

Source: *Założenia do nowelizacji ustawy – Prawo o szkolnictwie wyższym oraz ustawy o stopniach naukowych i tytule naukowym oraz o stopniach i tytule w zakresie sztuki*, Polish Ministry of High Education, 2009[5;p.6]

Legal component

The 1990 Law on High Education changed education market in Poland. One of the most important points was legal permission to establish non-public schools. Above regulation has been updated in 2005. From practical perspective the new law is prepared highly incorrect, not suitable to reality, and very fuzzy. According to OECD report [4;p.17] "the Law on Higher Education of 2005 restates the principle of academic freedom but does not otherwise define it". As a pillar of the new academic environment it can be listed:

- institutional financial autonomy,
- internal governance – but in practice, non-public schools must apply to different ministries for permission for the most important managerial decisions; it is stated in the OECD report that:

"In addition to its broader functions of policy-making and initiating new legislation, the ministry 'steers the system at a distance' using financial, regulatory and evaluative mechanisms to guide the 'autonomous' TEIs. However, it retains general supervisory powers and has the ultimate power to close any institution in certain defined circumstances. It even has the reserve power to dismiss a TEI's Rector. More routinely, it issues regulations for study programmes, their titles and their contents – including minimum staffing requirements – and gives permission for the establishment of new TEIs and new branches of existing TEIs. It appoints the members of the State Accreditation Committee (SAC), which reports to it and on whose advice it acts." [4;p.22]

- provision for public institutions to earn income – this point became one of the most important argument to do not allow non-public schools to receive governmental donations; in fact studies on public universities are also not free of charge, i.e. part-time students must pay tuition fees;
- the creation of the General Council for Higher Education (the advisory body of the minister)

- implementation of a 3-cycle (bachelor's, master's, PhD) degree structure which was intended to gradually replace the preceding European-style single master's degree followed by a doctorate and a "higher doctorate", the doctor habilitatus (dr. habil.).

International component

Poland's accession to the European Union was another important factor of education sector development, especially in such area like:

a) education system standardisation (based on "Bologna process principles")
b) ECTS points system implantation,
c) European accreditation,
d) Erasmus program and "open boarders" (ability of sending Polish students and teachers abroad, and receiving foreign students and academics); according to OECD report[2] in 2003 foreign students constituted 0.4% of all tertiary enrolments in Poland (in full degree programmes only); 1.3% of the total tertiary enrolment of Polish nationals were studying in foreign countries which r
e) EU funds for modernisation,
f) access to European labour market.

In 2005-06 68 Polish tertiary education institutions offered 1400 courses and 150 full degree programmes in English[4;p.42], mostly in the areas of health and welfare.

Structure of competition

Poland had 427 TEIs in 2004/5. Of these, 126 were public and 301 private (14 with religious affiliations). On average, however, the private high schools are much smaller in size: in 2003/4 the public institutions enrolled approximately 70% of all students and the private 30%[4;18].

Table 3. Quantity of students per TEIs

Quantity of students	Quantity of public TEIs	Quantity of non-public TEIs
< 1000	20	153
1001 – 3000	19	104
3001 – 5000	23	31
5001 – 10000	21	24
10001 – 20000	28	7
> 20000	17	1

Source: *Założenia do nowelizacji ustawy – Prawo o szkolnictwie wyższym oraz ustawy o stopniach naukowych i tytule naukowym oraz o stopniach i tytule w zakresie sztuki*, Polish Ministry of High Education, 2009[5;p.7]

The most popular fields of studies were: social sciences, business and law (40% of tertiary graduates).

All TEIs (both public and non-public) in Poland are obliged to realise the same tasks and duties, but only public TEIs gets donations. The government subsidy to public institutions has four main components:
- funding for teaching activities,
- funding for financial support of students,
- funding for Research

- specific-purpose subsidies

Private institutions receive funds only for the financial assistance of their students.

In 2005 in Poznan there were 25 higher education schools[2]. The biggest competitors of PUC in Poznań were:

- Poznan University of Economics – public TEI
- Adam Mickiewicz University in Poznań – public TEI
- Poznan University of Technology – public TEI
- High School of Management and Banking in Poznan – non-public TEI
- Poznan School of Banking – non-public TEI
- The Poznań School of Logistics – non-public TEI
- The Poznan School of Social Sciences – non-public TEI
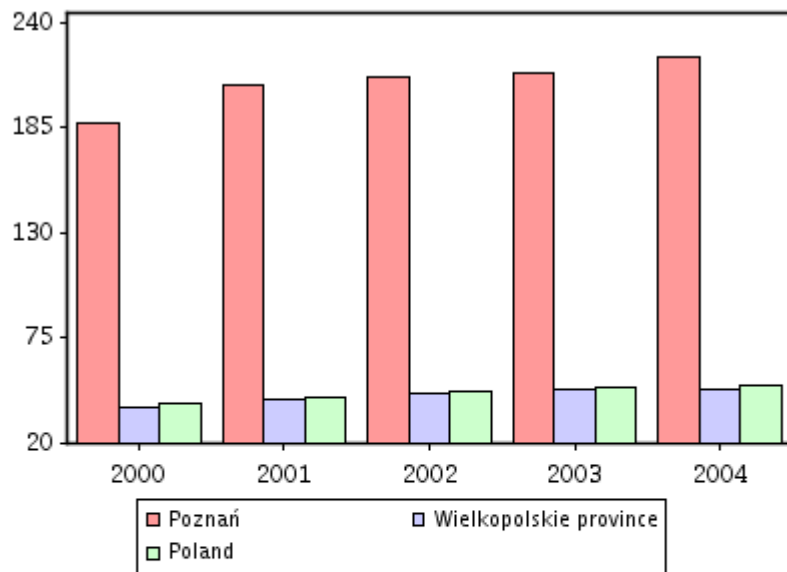- The European Career School – non-public TEI

Figure 1 Number of higher schools students in Poznan
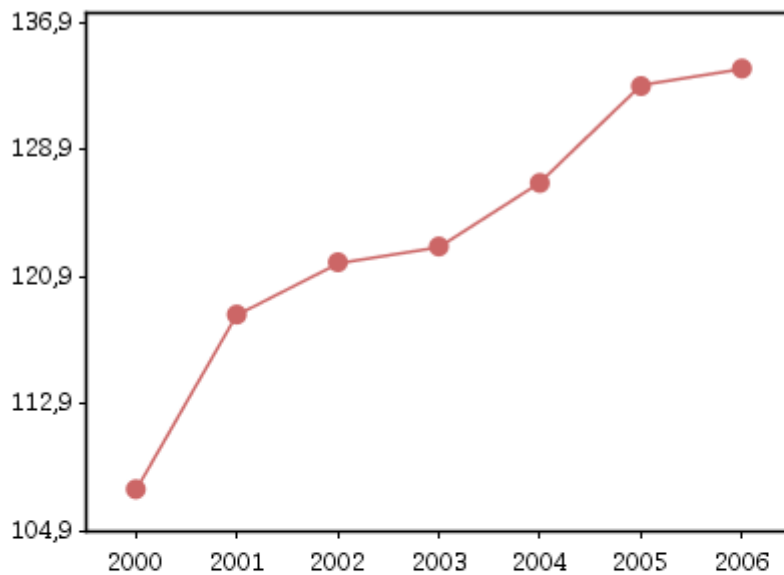
PERIOD	NUMBER OF HIGHER SCHOOLS STUDENTS IN '000 PERSONS
2000	107.5
2001	118.5
2002	121.8
2003	122.8
2004	126.8
2005	132.9
2006	134.0

Source: http://www.poznan.pl/mim/public/s8a/charts.html?co=print&id=214 &instance=1009&parent=401&lang=en; 15/07/2009

Figure 2 Higher schools students per 1000 population

PERIOD	POZNAŃ	WIELKOPOLSKIE PROVINCE	POLAND
2000	187.0	38.0	41.0
2001	207.0	43.0	44.0
2002	211.0	46.0	47.0
2003	214.0	48.0	49.0
2004	222.0	48.0	50.0

Source: http://www.poznan.pl/mim/public/s8a/charts.html?co=print&id=193&instance=
1009&parent=367&lang=en; 16-07-2009

1.4. Internal analysis of the Poznan University College of Business and Foreign Languages state in 2005

Strengths of the PUC:
- strong top management (especially the chancellor/owner - well educated, future oriented, with high level of managerial skills),
- international experience of few members of the staff,
- corporate experience of few members of the staff,
- institutional freedom (non-public organisation),
- good location in the map of Europe, Poznan has a convenient infrastructure (international and domestic bus and train connections, also airport); Poznan is also one of the most famous academic city in Poland;
- very good location in the city (on the most famous city of Poznan – St.Martin's Street),
- the PUC experience in scientific area of intercultural communication,
- own website.

Weaknesses of the PUC:
- short tradition of PUC on the education market,

- no recognised PUC brand on the market,
- incorrect organizational structure (only top management organized established according to the Law, but lower levels not prepared for organization development),
- no policy of human management (most of lecturers were employed on part-time agreement, they were working in public sector or other private schools too),
- not enough space for lecture rooms and own library,
- lecturers are good specialists but most of them do not speak English fluently,
- limited funds,
- traditional methods of teaching,
- no international connections, agreements, etc.,
- no developed ICT tools,
- no professional data base of students, lecturers, etc.,
- no marketing policy.

1.5. Implementation of the strategy

After summary of external and internal factors and based on ADL matrix it was decided to choose "selection strategy" (because of "tenable competitive position" and "mature stage of sector life cycle"). The PUC authorities decided to survive as a separate organisation, so it means that such strategies like merger or incorporation were not taken under consideration. Tactical and operational way of implementation of the strategy was preceded by financial analysis. Each strategic goal was divided into operational objectives and implemented as presented in Table X.

Actually, the PUC has started interdisciplinary and multi areas restructuring. To improve the PUC's position changes had to touch organizational structure, staff, organizational culture (from local to international), budgeting, ICT, curriculum, education methods, etc.

Table 4. Stages of the PUC strategy implementation 2005 – 2009

Strategic goal	Operational objective	Year(s) of implementation
to increase quantity of students – in general	Renting and renovation of new building	2005 – 2007
	New financial strategy implementation (competitive tuition fees and different scholarships)	2005 - 2009
	Applying for EU funds to develop ICT tools, international mobility, curriculum development	2006 - 2009
	Permanent aggressive, multi channel marketing strategy implementation	2006 – 2009
	The new organizational structure implementation	2007
	Implementation of loyalty building strategy	2007 – 2009
	Promoting specialist of strategic management as a Vice-Rector (Dr K.Czainska)	2007
	Alumni Club establishing	2008
	New academic staff recruitment (young doctors, fluent in English, involved in scientific work)	2006 - 2009

	Modern curriculum implementation	2006 - 2009
	Developing e-learning	2007
	Implementation ICT tool in education process	2007
	Developing activity of Career Office at the PUC (helping students to find internships and job)	2006 - 2008
	New financial strategy implementation (competitive tuition fees and different scholarships)	2005 – 2009
	Development of students' scientific clubs	2007 – 2009
to increase quantity of full-time students	Activation of students by increasing range of Students' Government duties, giving them separate budget, etc.	2006 – 2007
to increase quantity of part-time students	Developing distant learning and contact of students with lecturers and administration staff	2006 – 2009
to achieve a good position on the international education market	Free English language course for the PUC staff	2005 - 2009
	Starting studies in English (Management in Business specialisation)	2006
	Beginning research project with Evolute Research Centre (international project society)	2006 - 2009
	Establishing Polish – Canadian Club (supported by the Embassy of Canada)	2006
	Organizing every year international conference "Innovation in Management"	2006
	International staff recruitment	2006 - 2009
	The PUC's staff publications in English (journals, books, etc.)	2006 - 2009
	Agreement of cooperation with international school	2007 – 2009
	Membership of international societies like ERENET, SPACE, ect.	2007 - 2009
	Erasmus Charter (EU Long Life Learning Program)	2007
	Promoting specialist of international cooperation as a Vice-Rector (Dr P.Odrakiewicz)	2007
	Mobility of academic staff and students	2007 - 2009
	Beginning cooperation with Academy of Management	2008
	Establishing Innovative Management Institute and first issue of Innovative Management Journal	2008
	Establishing Global Management Institute	2008
	NIBS (Network of International Business Schools) accreditation	2009

Source: author's summary

The PUC implemented significant changes in such areas like: finance management, human resource management, ICT management, marketing management, etc. Most of all by using internationalisation the PUC build strong fundaments for domestic competition, especially against public schools lobby.

It was a big challenge for managers of the PUC. In contemporary times, internationalisation is popular, a lot of European schools have started it, but few years ago, it was risky. But, the PUC's decided to implement internationalisation because of difficult domestic situation, i.e.:

- in situation of exclusiveness of public schools on Ministry support, EU financial support for the PUC helps to develop the school or students and teachers mobility,
- international accreditation can help to argue with the State Accreditation Committee (SAC), which gives (or not) accreditation based on unclear conditions,
- international transfer of knowledge, experience and the best practices (by mobility, join research project, conference, etc.) gives the PUC's staff opportunity of self-development,
- international students help to overcome decrease of population process.

After international strategy implementation, the PUC became one of important players on the education market, stronger and well organized.

1.6. Issues for discussion and analysis

1. Which external factors were the most important for the PUC's strategy formulation?
2. Which internal factors were the most important for the PUC's strategy formulation?
3. What diagnosis method (apart from ADL matrix) could be used to analyse the PUC situation?
4. Did the PUC choose correct strategy? Analyse advantages and disadvantages of PUC's strategy.
5. What is relation between the PUC's corporate strategy and functional strategies?
6. Do you understand "internationalisation" similar to the PUC?
7. What external and internal factors of the PUC could shatter strategic goals achievement?
8. Will "internationalisation" help the PUC survive on the Polish market?
9. Is internationalisation useful for universities in other countries?

Reference:

[1] http://www.en.pwsbijo.pl/informacje-ogolne.html
[2] http://www.poznan.pl/mim/public/s8a/charts.html?co=print&id=214& instance=1009&parent=401&lang=en
[3] ECTS Guide of the PUC
[4] Fulton Oliver, Santiago Paulo, Edquist Charles, El-Khawas Elaine, Hackl Elsa, *OECD Reviews of Tertiary Education Poland*, OECD 2007
[5]http://www.poznan.pl/mim/public/s8a/charts.html?co=print&id=193&instance=1009&parent=367&lang=en
[6] 1990 Law on High Education - Ustawa z dnia 12 września 1990 r. o szkolnictwie wyższym (tekst jednolity: Dz. U. z 1990r. Nr 65 poz. 385)
[7] 2005 Law on High Education - Ustawa z dnia 27 lipca 2005r. o szkolnictwie wyższym (Dz.U. z 2005r. Nr 164 poz. 1365)
[8] *Założenia do nowelizacji ustawy – Prawo o szkolnictwie wyższym oraz ustawy o stopniach naukowych i tytule naukowym oraz o stopniach i tytule w zakresie sztuki*, Polish Ministry of High Education, 2009