

activity, are less amenable to treatment but can still be reversed in some cases. Hospital-based treatment of cardiac arrest includes cardiac compressions, defibrillation, advanced airway management and the administration of drugs. Together, these interventions are often called Advanced Life Support.

8.4 Quantitative proposal: management/business

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1 Abstract

It is proposed to undertake a research study to examine the factors critical to the establishment and maintenance of sustainable competitive advantage for education service enterprises in international markets. A model of sustainable competitive advantage for service enterprises in international markets has been developed following an examination of current literature. This model will be tested via a survey encompassing all Australian institutions, and a further 100 overseas institutions drawn equally from the United States, United Kingdom, Canada and New Zealand. This will be supplemented by a detailed examination of approximately six Australian institutions using a case study approach.

The survey method will involve a mailout questionnaire designed to measure the responses of key decision makers in the sample institutions. This questionnaire will capture information reflecting the perceptions and practice of those guiding the export strategy of education institutions. It will serve as a means of evaluating the validity of the research model. Data analysis will be made using causal path analysis aided by computer packages such as LISREL and SPSS. The case studies will be undertaken via personal interviews with key decision makers within the selected institutions.

A pilot survey is currently being field tested, with a full survey to follow in late 1994, early 1995. The case studies will be undertaken in early 1995 via interviews. Data analysis will take place during 1995, with an anticipated completion of the thesis by late 1996.

Objectives

The overall objectives of this research may be summarized as follows:

- 1 Examine the effects of external environmental variables (industry and foreign market structure) on marketing strategies within education service exporters.

- 2 Evaluate the importance of specific marketing strategy outcomes to the generation of competitive advantage for education service providers within international markets.
- 3 Evaluate the ability of education service providers to generate barriers to the imitation of strategies offering competitive advantage.
- 4 Examine the long term market and financial performance of education service providers in international markets as an outcome of the interaction between marketing strategies (offering sources of competitive advantage), and the ability of the enterprise to sustain such advantage in the face of imitation.

2 Background

Australian schools and universities have educated foreign students for over 100 years, but until the mid 1980s, most of these students came to Australia through overseas aid programmes such as the Colombo Plan (DCT, 1993: 38). In 1985 the Federal Government opened the nation's education system to full-fee-paying foreign students with a view to tapping the estimated world student market of 1 million (Kemp, 1990). From an initial 4,503 in 1986, the size of Australia's intake of overseas students has grown rapidly to 47,882 in 1991 (AGB, 1992). These students generate hundreds of millions of dollars in export income via fees and services, and help support around 970 institutions (Industry Commission, 1991: 39).

Despite the relative success of Australia's education exports, concern has been expressed over the lack of comprehensive research into the marketing of such services (Marshall & Smart, 1991). A recent survey of international students and their advisers found their knowledge of Australia as an education destination mixed (AGB, 1992). There was a lack of knowledge about the country and its institutions even though quality was generally viewed as 'probably acceptable'. In some markets, notably Korea, Australia's image was quite poor (AGB, 1992). The problem was summarized as follows:

Australia has no clear differentiation on product offerings, i.e. it is not perceived as the 'best' destination for any particular study disciplines. This contrasts with perceptions about the USA and the UK which have established particular discipline strengths in the minds of respondents. (AGB, 1992: 2)

Many of Australia's education exporters entered the market offering a relatively undifferentiated service, attractive primarily due to its low cost and generous work provisions within the visa regulations (Smart & Ang, 1992a; Industry Commission, 1991). The majority of Australia's overseas students have been drawn from a narrow range of markets. Malaysia and Singapore, for example, represent over two-thirds of the total students

enrolled in Western Australia (DCT, 1993: 44). This poses long term sustainability problems should these markets experience a contraction due to political, social or economic change. Research also suggests that the world wide flow of students has declined rapidly since the 1980s (Kemp, 1990), raising additional questions about future industry growth.

3 Significance of This Research

This research is significant because it addresses a need – as outlined above – for comprehensive research into the international marketing of education. Past literature relating to the export of education has examined the economic or socio-political aspects of the industry rather than marketing (Smart & Ang, 1992b). Furthermore, despite a rapid growth in services marketing literature during the past decade (Fisk, Brown & Bitner, 1993), research into the international marketing of services remains limited (Nicoulaud, 1989; Dahringer, 1991; Erramilli & Rao, 1990; Erramilli, 1990; 1991).

Both services and international marketing are relatively new academic fields and were not given serious consideration prior to the 1970s (Terpstra, 1987; Berry & Parasuraman, 1993). With the growth in both international trade and the services sectors of most industrialized nations during the 1970s and 1980s (Blois, 1974; Plunkert, 1990; Roach, 1991; Terpstra, 1987), interest in these two fields grew. However, there remains a dearth of literature relating to the international marketing of services. It is hoped that this research will make a significant contribution to enhancing the level of knowledge in this area.

Of equal importance is how to develop strategies that will ensure the sustainability of competitive advantage for education service exporters so as to offer long term stability for this important industry. Academic research into sustainable competitive advantage for services industries remains at a rudimentary level with little applied research having been undertaken (Bharadwaj, Varadarajan & Fahy, 1993). Once again this research should make a significant contribution to enhancing the level of understanding relating to this.

Although the primary focus of this research will be on the education export industry, it is anticipated that the findings of this study will be applicable to most other services exporters. It is therefore the intention of this research to develop models and conclusions that will be generic to international services marketing.

Because it is proposed to survey virtually all Australian institutions engaged in the export of education, this study will provide valuable insights into the current perceptions and marketing practices of the industry. It has

the potential to serve as a bench mark study of current practice. To this end it should prove of interest and value to practising managers and those seeking to implement international marketing strategies for education institutions.

4 Research methodology

4.1 The research model

Figure 8.2 illustrates a model of sustainable competitive advantage for service enterprises in international markets developed from a number of established theories relating to competitive advantage, international marketing and services marketing research (Aaker, 1989; 1992; Barney, 1986; 1991; Booms & Bitner, 1981; Cowell, 1984; Dahringer, 1991; Gronroos, 1990; Klein & Roth, 1990; Nicoulaud, 1987; Porter, 1980; 1985; Porter & Fuller, 1986; Porter & Millar, 1985).

As a model of sustainable competitive advantage it assumes that business and marketing strategies within the enterprise are determined by external environmental factors to which the enterprise responds. It is consistent with the theoretical framework offered by Porter (1980; 1985). An alternative perspective is that proposed by Bharadwaj, Varadarajan & Fahy (1993), which views the achievement of sustainable competitive advantage resulting from the enterprise selecting critical sources of competitiveness from among internal resources and skills.

The elements of the model can be briefly summarized as follows:

- *Industry structure.* Describes the external forces influencing the industry within which the enterprise operates. Porter (1980) defines these as: (1) barriers to entry; (2) supplier power; (3) buyer power; (4) threat of substitutes; (5) industry competitiveness.
- *Foreign market structure.* Includes tariff and non-tariff barriers to entry (Dharinger, 1991; Onkvisit & Shaw, 1988) as well as the degree of *psychic distance* (cultural similarity/dissimilarity) and *experience* (level of market knowledge/information) (Erramilli, 1991; Goodnow & Hansz, 1972; Klein & Roth, 1990).
- *Generic enterprise strategy.* This adopts Porter's (1985) theory that all enterprises must adopt one of three *generic* strategies in order to achieve a competitive advantage. These three strategies are: (1) *cost leadership* (competing via cost); (2) *differentiation* (competing via uniqueness); and (3) *focus* (competing via cost or differentiation within a niche market) (Porter, 1985).
- *External marketing strategy.* Describes the specific marketing strategies relating to the *marketing mix* which incorporates considerations of the following: (1) product/service development; (2) pricing; (3) distribution;

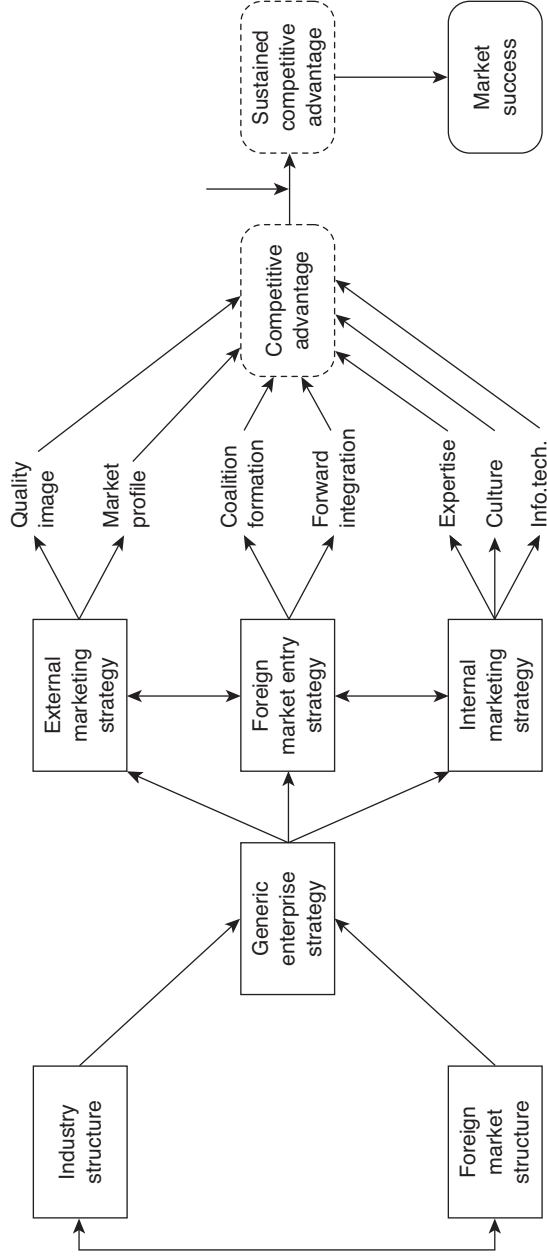


Figure 8.2 Model of sustainable competitive advantage for service enterprises in international markets

- (4) promotion; and development of physical evidence of the service (buildings, equipment) (McCarthy, 1960; Booms & Bitner, 1981).
- *Foreign market entry strategy.* Describes the methods used to enter a foreign market. These are identified as: (1) direct export; (2) licensing; (3) franchising; (4) joint venture; (5) acquisition; and (6) management contracting (Cowell, 1984). Also examines the degree of control exercised by the enterprise over its marketing channel (Anderson & Coughlan, 1987).
 - *Internal marketing strategy.* Describes the processes undertaken within the enterprise to foster an organizational culture that is both client service oriented (Flipo, 1985; Gronroos, 1990), and encouraging of innovation (Ansoff, 1987; Barney, 1986; Foster & Pryor, 1986; Ghemawat, 1986; Kanter, 1989). Also considers the enterprise approach to the recruitment and retention of experienced and talented staff, and their performance via various service delivery processes (Booms & Bitner, 1981; Lovelock, 1983; Thomas, 1978).
 - *Outcomes.* The outcomes of enterprise marketing strategies identified within the model are considered of critical importance to the establishment of competitive advantage for services enterprises in international markets. These are: (1) quality of image; (2) market profile (consumer awareness or knowledge of enterprise) (Aaker, 1989; Hill & Neeley, 1988); (3) coalition formation (strategic alliances) (Dunning & Pearce, 1985; Ohmae, 1985; Porter & Fuller, 1986); (4) degree of forward integration into the marketing channel (Erramilli & Rao, 1990; Erramilli, 1990; Nicoulaud, 1987; Vanermere & Chadwick, 1989); (5) level of staff expertise and organizational learning (Winter, 1987); (6) organizational culture as client oriented and innovative (Quinn, 1980; 1985); and (7) effective use of information technology (Porter & Millar, 1985).
 - *Barriers to imitation.* To ensure that competitive advantage is sustained it is suggested (Bharadwaj, Varadarajan & Fahy, 1993) that the enterprise erect barriers to the imitation of its strategies. A variety of possible barriers have been identified in the literature (Coyne, 1985; Dierickx & Cool, 1989; Lippman & Rumelt, 1982; Rumelt, 1984; 1987; Reed & Defillippi, 1990).
 - *Market success.* The model assumes that the concepts *competitive advantage* and *sustainable competitive advantage* cannot be measured directly. Instead the measurement of market success is achieved via the dual outcomes of (1) market share and (2) profitability (financial performance).

4.2 Hypotheses

The relationships that will be tested in the model can be identified in the following hypotheses:

- H1 Industry structure is a determinant of generic enterprise strategy adopted by a service enterprise seeking competitive advantage in international markets.

- H2 Foreign market structure is a determinant of generic enterprise strategy adopted by a service enterprise seeking competitive advantage in international markets.
- H3 Generic enterprise strategy is a moderating variable that determines:
- (a) the external marketing strategy of the enterprise;
 - (b) the foreign market entry strategy of the enterprise;
 - (c) the internal marketing strategy of the enterprise.
- H4 External marketing strategy is a moderating variable that enables the creation of sources of competitive advantage for a service enterprise within an international market.
- H5 Foreign market entry strategy is a moderating variable that enables the creation of sources of competitive advantage for a service enterprise within an international market.
- H6 Internal marketing strategy is a moderating variable that enables the creation of sources of competitive advantage for a service enterprise within an international market.
- H7 The key intervening variables that strengthen the competitive advantage of a service enterprise within an international market are:
- (a) quality of image;
 - (b) market profile;
 - (c) coalition formation;
 - (d) degree of forward integration into the export channel;
 - (e) organizational expertise and quality of staff;
 - (f) possession of a client-oriented/innovative culture;
 - (g) effective use of information technology.
- H8 Sustainability of competitive advantage is only achievable if there are intervening variables which act as barriers to imitation. The most likely barriers are:
- (a) the external marketing strategy of the enterprise;
 - (b) the foreign market entry strategy of the enterprise;
 - (c) the internal marketing strategy of the enterprise.

4.3 Sample plan

It is proposed to survey all education institutions in Australia that are accredited to the Department of Education, Employment and Training (DEET) as exporters. DEET maintains a Commonwealth Register of Institutions and Courses (CRICOS) listing all such institutions in Australia. DEET has provided a complete listing including telephone numbers and addresses. This listing includes around 1,000 institutions ranging from small training colleges to large universities. This will form the basis of the

Australian sample and has already proven of value in conducting the pilot study.

In addition to the Australian institutions, an additional 100 institutions in each of four overseas countries (USA, UK, Canada and New Zealand) will be sampled. Details of institutions within these countries are available from the various diplomatic and consular agencies located in Australia. Initial contact with the British Council, Canadian High Commission, US Consulate and New Zealand High Commission has proven fruitful in identifying suitable institutions likely to form a sample.

Non-English-speaking countries have been ignored due to the added complexities and cost of developing a foreign language survey. Traditionally, the primary competition to Australian education institutions are other English-speaking nations, although Germany, France and Japan are emerging as significant competitors in Australian markets (Smart & Ang, 1992b). Nevertheless, it is felt that sufficient validity within the sample will be achieved using the English-speaking nations alone.

Selection of the case study sample (estimated to be approximately six institutions) will be on the basis of size, institution type and relative experience within the international market. The aim will be to select a cross-section of institutions which represent these elements. A suggested case study sample would be likely to include: (1) a large university; (2) a commercial business/training college; (3) a private secondary school; (4) an English language college; (5) a TAFE/technical training college; (6) a specialist training institution (e.g. pilot training).

4.4 Instrumentation and data collection

A copy of the questionnaire as used in the pilot study is attached [not reproduced]. Prior to forwarding, a contact person within each institution is to be identified. A pre-paid envelope will be included with each questionnaire sent. Respondents will be offered a summary of findings from the study as a courtesy. This approach has been adopted in the pilot study with success.

4.5 Data analysis

Due to the relatively large number of variables in the research model, analysis will be made using causal path modelling (Saris & Stonkhorst, 1984). This will enable the relationships between the variables in the model to be solved as a multivariate regression equation, and will permit the examination of both observed and unobserved (latent) variables (Loehlin, 1992).

Data analysis will be facilitated using the LISREL computer software package operating in conjunction with SPSS (Byrne, 1989). Both software packages operate under the MS Windows environment on an IBM compatible PC. The LISREL package will allow a statistical comparison of the data and the research model (Byrne, 1989).