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OPPORTUNITIES OF COMPETITIVENESS OF A LATECOMER UNIVERSITY

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Abstract. Higher education institutions have been experiencing the pressure of a dynamic and strongly competitive environment for the last decade. Great challenges arise in particular for the universities that have entered education market later than matured rivals. Considering the lack of research on organisation behaviour applied to higher education institutions (HEIs) in a situation when an institution is establishing its profile in international higher education area. This paper analyses existing theory on latecomer firms, in order to find parallel solutions in international business which could be relevant and applicable in higher education context. The aim of this paper is to discuss a concept of a latecomer university and describe the ways of latecomers to compete in International market of education, nevertheless, the situation when HEI is establishing its profile internationally is not explored in research.

Keywords: latecomer university, competitiveness of latecomer firms, catch-up strategy, LLL (linkage, leverage, learning) strategy.

1. Introduction

Taking into account recent trends in Higher education, especially: massification of higher education, commodification and tradability of educational services, raise of cross-border education, international competition of HEIs for research funds, human resources and talents, change in HRM policies towards performance based ones, collaboration with business world in technology transfer and commercialisation we presume that world of higher education has been adopting the strategies and behaviour models of business environment, with clear market orientation and business-like competition and cooperation rules. Despite the evidences of increasing cohesion of international business and educational worlds, the search for parallels between these two systems is extremely rare in higher education management research it sometimes might be treated as „politically incorrect" because of contradiction with that education is a public good. Existing lack of research is quite striking as the benefits from the transfer of selected business models to education seem to be very feasible. This article is an attempt of the authors to fill in the gap and to discuss business practices which could be very relevant in HEIs life. The aim of this paper is to describe a HEI profile that could be defined as a latecomer in higher education market and to analyse the possible transfer of strategies of successful business latecomers into higher education sphere.

2. Latecomer firm

Before we describe the latecomer profile in education market, the concept of a latecomer firm has to be discussed. The latecomer concept appeared in international business research around mid-nineties, and gained great attention in the context of research works of Mathews and other theorists of the field that have been analysing the paths of development and growth of Asian companies. Their works will serve as theoretical framework to discuss the concept of latecomers in business.

In order to define what a latecomer firm is, it is useful to discuss some related concepts. Latecomer firm is not a *late entrant*, because late market entry is not a matter of strategy. Being a follower in this case is caused by external circumstances such as historical situation in a country of origin (Mathews 2002). Moreover, practically on opposite to a late entrant, a latecomer firm does not have a full set of initial resources and therefore strives for the industrial catch-up from its resource poor situation.

Latecomer firm is not a *start-up*, because a start-up begins with access to all the resources and aims for innovative way of operations, services, products, rather than imitation of matured rivals. Late market entry is not a *new start* for an organisation like it is for a start-up.

Main thing that distinct latecomer from late entrant and start-up is that a latecomer aims to exit this category and become a leading player in the industry itself.

Mathews has suggested a following definition of a latecomer firm in 2002: firstly the latecomer firm is a late entrant not by strategic choice, but by historical necessity; secondly, a latecomer firm is characterised by a lack of initial resources available, in particular in terms of technology and market access; thirdly a latecomer firm concentrates on catching up as a primary objective.

By the time latecomer arrives into the market, business environment is highly congested and has it's long time leading players. Slow growth and lack of innovations are key features of a formed and mature market. However, one condition, which stands as an obstacle for most market players, serves latecomer firms as a rather favorable context: customers in a mature market are very price sensitive and well educated about the competitors and product alternatives. At this point a latecomer firm gains competitive advantage against mature rivals if it has a respectively low price of some resources and products, and if the product is innovative enough.

3. Latecomer University

In order to analyse the applicability of suggested definition to higher education institutions, we have hereby compared the concepts by certain criteria indicated by Mathews.

It is demonstrated in Table 1 that features of latecomer business firms are well applicable to latecomer institutions in higher education. This proposition strengthens the hypothesis that a latecomer university is much like a latecomer business firm in terms of initial resource deficiency, primary cause and final goal.

Table 1. Features of business firms and HEIs activities

Features (selected from Matthews, 2002 and Vialle, 2011)	**Latecomer firm**	**Late entrant firm**	**Start up in business**	**Latecomer university**
Operating in this form by choice	-	+	+	-
Operating in this form by historical necessity	+	-	-	+
Deficiency of resources	+	-	-	+
Imitation of other companies	+	+	-	+
Restrained market access	+	-	-	+/-
Focus on catch-up	+	+	-	+
Aiming to exit the category	+	-	-	+

Higher education institutions that have entered international education market within the last 30 years because of historical or political reasons are defined as latecomer universities in this paper. Similar to business firms latecomer universities have to position themselves in already settled higher education scene and compete against the players with long standing academic reputation, role and services. This is especially true for higher education institutions from emerging markets (e.g. NIS, Central Asia, Latin America).

4. Gaining competitive advantage for a latecomer university

It is argued in resource based theory that resources and capabilities owned by a firm are a tool for gaining a competitive advantage, if wisely used (Dierickx and Cool 1989; Barney 1995). This theory has become a core to understanding institutions' competitive advantage.

According to resource based view (Dierickx, Cool 1989; Barney, Wright, Ketchen 2001) firms gain competitive advantage from resources that are *valuable, rare, imperfectly imitable*, and *not substitutable.* However, as most business theories, traditional resource based theory covers matured firms rather than latecomers striving industrial catch-up. Mathews (2002) argued that resource criteria suggested by RBV theorists, must be adjusted when we talk latecomers.

Mathews suggests that a latecomer firm twists the question: it asks not “How am I to overcome this insuperable barrier?” but “Where can I find the resources that are most amenable to leverage?” From this perspective, the criteria indicated by the resource based theory turn out to be useful in reversed manner. The strength of a mature institution is valuable, rare, non-imitable, non-transferable resources. For latecomer institutions the competitiveness could be reached if the major processes are built on valuable, but least-rare, most imitable and most transferable resources. The latecomer institution is looking for the learning from the most successful practises therefore is searching for substitutes of respective resources.

Criteria suggested in RBV theory illustrates perfect situation of RBV and nearly never work that way in practice, if it did, latecomers wouldn't exist as the transfer of best practises as well.

5. Linkage leverage learning strategy

For the access to best practices latecomers are looking for relations with mature firms. The interaction from latecomer’s perspective consists of three stages: linkage, leverage and learning (LLL) called LLL algorithm (Mathews

2002, 2006). A latecomer initiates *linkage* with a matured institution; resource *leverage* is posed in order to exploit the linkages; repetitive synergy of latecomer and incumbent through linkages and leverage enables latecomer to *learning*.

Practical example of LLL algorithm functioning in higher education could be European universities participating in projects to gather with beneficiaries from European Transition countries (i.e. former NIS, MEDA countries) to offer the best practices to learn. Resources from beneficiary universities are provided within a project budget. After the end of a project, the beneficiary is responsible for sustainability and further dissemination of project products. This way former beneficiaries gain significant competitive advantage among other local players.

LLL type of interaction is possible not only in dyadic, but also in multilateral interaction, thus in a form of cooperation of a strategic alliance, consortium, network (where learning and functioning is one service) (Radzeviciene, Girdzijauskaite 2012). Networks play essential role in profile building and internationalisation of business companies and higher education institutions in emerging markets (Haakansson, Ford 2002; Mathews 2006; Radzeviciene, Girdzijauskaite 2012). Major principles of networking seem to be valid in international consortia, thematic networks of HEIs: flexibility; capacity to transform; project-based nature of activities; therefore relatively short term focus for single activities; decentralised management by groups, binary logics of inclusion and reciprocal commitment; trust; shared resources; small group advantage; borderless systems (Castells 2000; Haakansson, Ford 2002; Beerkens 2004; Radzeviciene, Girdzijauskaite 2012).

Linkage is a way to create competitive advantage from strategic partnerships. A question arises – do business firms and HEIs gain same advantages when in strategic partnerships? A comparison of advantages gained by matured firms, latecomer business firms and higher education institutions operating in a strategic alliance are presented in a table below.

Table 2. Gains of a latecomer from interaction in a network of mature organisations: higher education and business contexts (compiled by authors)

Advantages	Latecomer business firm	Latecomer university
Reducing the risks:		
Sharing the risks of big projects between alliance members (Contractor, Lorange 1988; Flanagan 1993; Bengsston, Kock 2000, 2003;)	+-	+-
Sharing the costs (Contractor and Lorange 1988; Flanagan 1993)	+	0 (neutral)
Product (service) diversification (Contractor and Lorange 1988; Lei David, Slocom 1992; Mason 1993)	+	+
Reducing the risks by working with potential competitors within an alliance (Harrigan 1985; Bengtsson, Kock 2000)	+	-
Quicker market entry ensuring faster return on investment (Contractor and Lorange 1988; Bengsston, Kock 2000, 2003)	+	0 (neutral)
Competitive advantage:		
The competitive advantage improves after entering the alliance (Harrigan 1985; Contractor, Lorange 1988; Bengtsson, Kock 2000)	+	+
Increasing competitive advantage by exchanging technological know-how, experience and resources between alliance members (Harrigan 1985; Bengtsson, Kock 2000)	+	+
Economy effects:		
Reduced costs caused by learning (Swart, Kinnie 2003)	+	-
Cost reduction by transferring the value creating chain to a more cost-favorable country (Contractor, Lorange 1988)	+	-
Internationalisation:		
Creating linkages and trust in protectionist economies (Beamish 1988)	+	+
Entering geografically new markets (Contractor and Lorange 1988 p. 15)	+	+

Expanding the product awareness and demand (Contractor, Lorange 1988)	+	0 (neutral)
Vertical linkages:		
Vertical linkage can form a competitive chain of manufacturing/distribution, in which every member has a different function (Contractor, Lorange 1988; Bengtsson, Kock 2000)	+	-

Table 2 illustrates the fact that features in strategic alliances in business are applicable to latecomers networking with mature established institutions in higher education sphere with some exemptions. One of the reasons for this is that performance, resources and product of a university are more difficult to define, and there are usually parallel activities performed together with partners, outcomes are spread more to other activities which do not belong to cooperation stream.

However one common feature should be pointed out: both in business and higher education environment there is a high level of knowledge, resource, and power distribution asymmetry between latecomer and mature institutions.

Asymmetry in knowledge is one of the most considerable issue in latecomer-incumbent interaction in business too. The main means of knowledge accumulation in inter-organisational relationship are absorbing partner’s knowledge and creating new knowledge by interacting. (Vialle 2011) Creation of new knowledge requires sufficient level of symmetry of knowledge stock, therefore absorbing knowledge from a partner is more likely used by latecomers at the beginning of their catch-up process. However, latecomer and mature institutions tend to have different views on knowledge absorption and imitation: a mature institution sees knowledge as a resource to be protected as a source of competitive advantage (Vialle 2011), whereas according to a latecomer's view, all resources including knowledge should be accessed (i.e. least rare), replicated and/or substituted (Mathews 2002; Vialle 2011). And yet, not only knowledge asymmetry creates conflict between the two, but it also stimulates substantial learning opportunities for latecomer institutions.

6. Conclusions

Analysis of theories supports the premise that the definition of a latecomer business firm can be applied in higher education context.

Interaction of latecomer and mature institution holds a high level of asymmetry in knowledge, stock of resources and power distribution. Nevertheless, it is encompassing great potential for newcomers groth.

Opportunities of competitiveness arise from linkages with strong early movers in higher education arena. Linkage is part of a LLL (linkage, leverage, learning) algorithm, according to which the catch-up strategies of a latecomer university are formed, similar as it is done in business.

The behavior of a university is similar to that of a business firm when latecomers are described. In parallel to a business firm, a latecomer university is likely to target the resources that are *least rare*, *most imitable* and *most transferable*.

The transfer of industrial catch-up strategies to higher education partnership management may result in gaining competitiveness in local as well as international education market.

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NAUJAI ĮĖJUSIŲ Į ŠVIETIMO RINKĄ UNIVERSITETŲ KONKURENCINGUMO GALIMYBĖS

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Santrauka

Aukštojo mokslo institucijos paskutiniuoju dešimtmečiu veikia itin dinamiškoje ir konkurencingoje aplinkoje. Didžiausi iššūkiai iškyla universitetams patekusiems į vietos ir tarptautinę švietimo rinką vėliau nei konkurentai. Situacija, kai aukštoji mokykla, įžengusi į rinką vėliau nei konkurentai, siekia pozicionuoti tarptautiniu mastu, - netirtas objektas mokslinių tyrimų srityje. Šiame straipsnyje analizuojama įmonių naujokių konkurencingumo teorija ir ieškoma paralelių sprendimų perkeliamų į aukštojo mokslo kontekstą. Darbo tikslas - išanalizuoti naujai įėjusio į rinką universiteto galimybes, rasti adekvačius elgsenos modelius, siekiant konkuruoti tarptautinėje rinkoje.

Reikšminiai žodžiai: aukštojo mokslo institucijos, įmonių naujokių konkurencingumas, atotrūkio mažinimo strategija, LLL algoritmas (angl. linkage, leverage, learning).