

# **Analysis of the Key Drivers of International Business Strategy for Higher Education Institutions**

**Bhawna Kumar**

Research Scholar, Amity University, Uttar Pradesh, Noida, India  
bhawna.kumar@gmail.com

**Gurinder Singh**

Group Vice Chancellor, Amity University  
gsingh@amity.edu

## **Abstract**

Firms across sectors have gone global, entered foreign markets, exported, and imported products & services through various international business strategies. The dynamics of the higher education sector in India have seen a rapid shift with changing regulations, a revolutionary New Education Policy (NEP), and a spurt in the quality & features of virtual education. There is a growing excitement of opening campuses and goal posts across borders, while facing an uncertain future due to the impending entry of foreign universities and institutions in the country. Extant research in higher education lacks insight into the application of concept of global strategy for competing in the larger competitive environment. This paper aims to bridge this gap by identifying the drivers for development of various innovative & flexible international business strategies that can be applied to higher education institutions (HEIs). Previous studies show that HEIs are faced with a challenge that there is no single pattern in the wide range of choices made by students based on different variables, such as motivation, culture, language, online education, economic & political situations, employability, and other aspects. Findings indicate that study abroad, semester abroad, immersion programs, credit transfer pathways & twinning arrangements through university collaborations, are few of the models for gaining international education that have encouraged students to stay home while being able to achieve the distinction & benefits of international education. The research builds a conceptual framework for the various drivers of international business strategy and proposes a model for Global Citizen Development (GCD) which is validated using Content Validity Ratio (CVR) with a case study approach.

## **Keywords**

International Business Strategy, Higher Education, New Education Policy, International Student Mobility and Global Marketplace.

## **1. Introduction**

Indian higher education is complex, extremely fragmented, and riddled with many contradictions (Kapur, 2010). It has been witnessing a huge demand from college aspirants and as Indian higher education institutions (HEIs) failed to meet the growing numbers, these were absorbed worldwide and multiplied with increasing realization of better prospects.

Figure 1 shows that a large and growing number of students go abroad for studies, just like the 18,000 students who were enrolled in higher education institutions Ukraine when the country was invaded by Russia in March 2022.

The trend is now changing as the mode, formats and drivers have been seeing paradigm shifts leading to exciting possibilities for increased contribution of higher education towards service exports and to ever broadening competitive frameworks, as well as mutually beneficial partnerships. The focus of Indian public policy has also shifted from preventing brain drain to encouraging brain circulation with academic collaborations. (UGC, 2022).

Indian HEIs have come a long way through active capacity building, particularly over the last decade, and have been taking many initiatives on the international front to nurture the intellectual life of all stakeholders. The trends and

drivers in this area are often philosophical (Tsiligiris, 2014) and need to be studied in the context of the global & local competitive forces for the development of effective international business strategy (Hill, 2021).

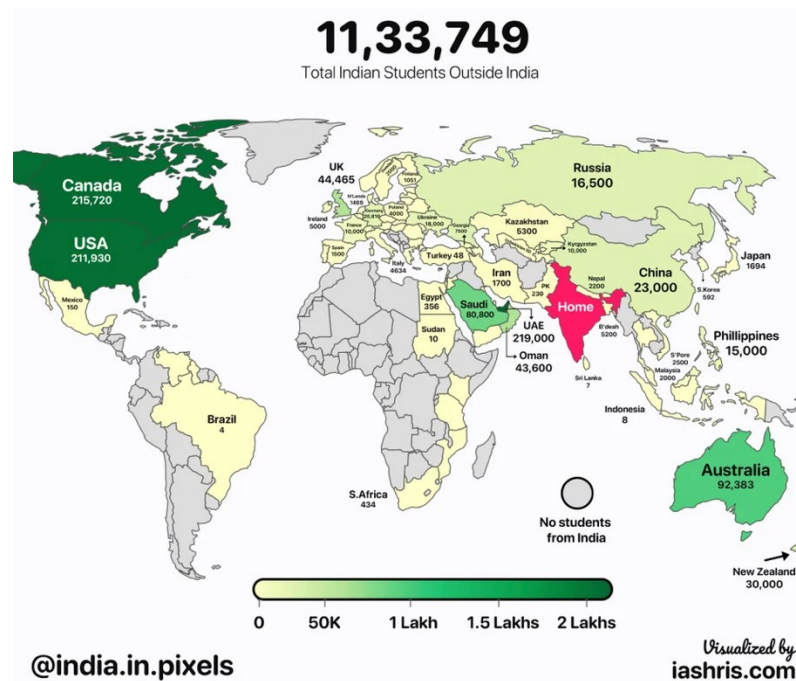


Figure 1. Number of Indian Students in Different Countries

Global expansion, international collaborations, research consortia and joint programs are some of the strategies being adopted by HEIs across the world to create value and develop better skills that can be leveraged within other areas of operation.

This study reviews the theoretical and practical aspects of internationalization in the context of higher education in India with a focus on the following research objectives.

RO1– To understand & analyze the concept of global strategy for HEIs

RO2–To identify the key drivers that influence the strategic choice of HEIs for competing in the global marketplace

RO3– To propose a model that can further be developed for international business strategies for Indian HEIs.

The scholarly insights thus gained will help Indian HEIs in building capacity and competence to evolve & transform along the growing aspirations of the students, parents, faculty, staff, policy makers and the community at large.

## 2. Theoretical Background

There have been many deliberations on the term Internationalization and its extension to the higher education sector has also commanded similar interest since the 1990s. Many definitions were given over the years (Hamrick (1999), until the following definition by Knight (2008) became accepted - "The process of integrating an international, intercultural or global dimension into the purpose, functions and delivery of post-secondary education."

Universities and institutions across the world, predominated by developed economies, have been practicing internationalization as an important part of their strategic plans with different objectives for growth, expansion, profitability as well global outlooks (Knight, 2003; 2008). Researchers around the world have been studying their cause & agenda and analyzing local policies critically.

Taskoh (2014) elaborates that the active areas where higher education institutions are engaged include intake of foreign students, establishing campuses outside their countries, exchange programs for students and faculty,

discussions on best practices of curriculum development and execution of joint programs as well as research projects. The concepts, which were never static, have since evolved across nations as the defining attributes are substantially diverse with respect to relationships, policies, cultures, and potential.

Internationalization at home (Knight, 20024) is one of the most researched concepts that focuses on understanding how an institution is picking up best practices from abroad and applying them locally in various processes. Other dominant themes include the mobility of students, study abroad models & experiences, cross cultural dimensions, and quality enhancement.

Studies in the domain of international business reflect the importance placed on consideration of pressures for reduction of costs and local responsiveness (Hill, 2021). This study analyzed various theories and articles on international business and accordingly four dominant strategies emerged (Table 1).

Value creation is a major objective of any strategy and for higher education, this revolves around the student. The experience, exposure and learning outcomes for students are important differentiators (Baranova et. al., 2011). The higher education systems of developed countries have been the torch bearers so far and hence developing economies like India need to benchmark their offers to surpass these international trends.

Knight, 2016 suggests that HEIs have not evolved beyond a very basic stage of internationalization that concentrates on partnerships and exchange programs. The most relevant and prevalent strategy for HEIs has been Transnational as against a direct international, standardization or localization strategy. Global standardization has been tested through branch campuses or centers of excellence, analysis of which shows mixed results.

Table 1. Dominant International Business Strategies

Strategy	Concept	Illustrative references
Global standardization strategy	Increase profits by reducing costs through economies of scale, learning and location economies.	Barney, 1991; Hill, 2021; Porter, 1982; Kapur, 2010; Hamel and Prahalad, 1994; Tsiligiris, 2014; Tight, 2019; Wit, 2021
Localization strategy	Increase profits by customization as per the locally prevalent culture, norms, and practices.	Hill, 2021; Hall and Howell, 1985; Porter, 1982; Wit, 2021
Transnational strategy	Concurrent efforts to reduce costs and differentiate in response to local factors.	Hill, 2021; Wit, 2020, Knight, 2012, Bartlett, 2012; Taskoh, 2020
International strategy	Value creation by leveraging core competencies in foreign markets	Sui, 2014; Knight, 2003; Bennet and Kottasz, 2011; Weiss, 2015; Tight, 2019; Taskoh, 2020

### 3. Method

The study is established through review of literature overlaid on actual observed practice to build comparative points of reference of international business strategies for HEIs. The secondary search was guided by a scoping review approach adopted from and adhered to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) extension for scoping reviews (Tricco AC et al., 2018), as depicted in Figure 2. Search was conducted on SCOPUS database and Google Scholar using the approach of keyword search (Yang et al., 2011), for international business strategy and higher education in titles, abstracts, or full text. The period of analysis was between 2000 and 2021.

A conceptual framework and model of Global Citizen Development is proposed & validated through case study approach as a suitable & essential tool for Indian HEIs to re-align their strategy along the fast-changing higher education market.

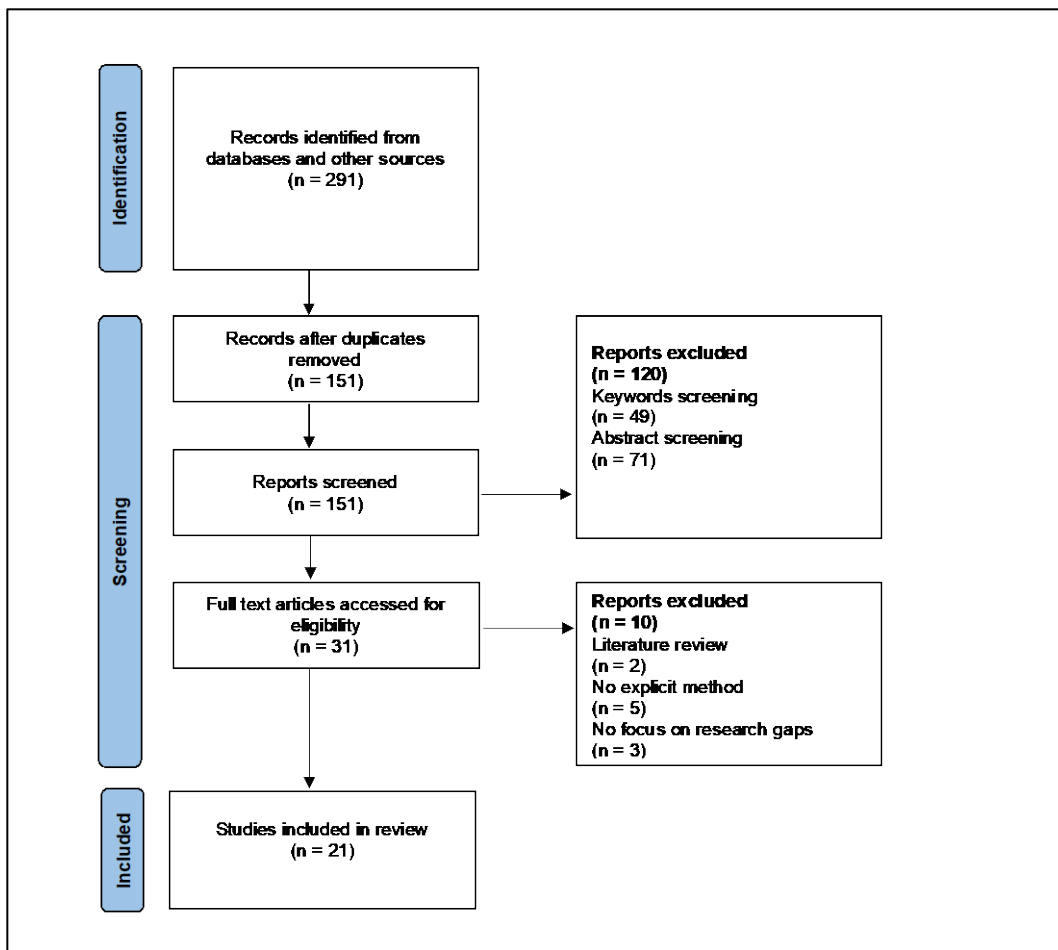


Figure 2. PRISMA Flow Diagram for reporting scoping review. Modified from <http://www.prisma-statement.org/>

#### 4. Discussion and Implications

The Indian landscape has been seeing a lot of frenzy with many theoretical, political, and technical discussions about the future of higher education. Acts and bills have been tabled with no clear outcome till the New Education Policy was announced in 2020. The Indian HEIs are now investing in capacity building to increase the much-needed supply as well quality & credibility. The NEP has a positive agenda to prepare a sound legislative, regulatory and governance framework that can attract and retain good foreign universities to open their campuses in India, support Indian HEIs to reciprocate with their global presence and develop mutually beneficial collaborative partnerships between Indian and foreign universities. The key to a successful outcome is innovative thinking, dynamic experimentation, flexibility, and autonomy to for offering appropriate curriculum with independent policies and fee structures.

It is a matter of great concern for all of us that even with the 2<sup>nd</sup> largest number of HEIs, none of the 990 **Indian** universities or 40,000 colleges appear in the world university rankings. The Indian global talent competitive index ranks a low 88 among 134 countries (INSEAD, 2021).

There is no doubt and no debate about the critical and immediate implementation of new models of Internationalization within the Indian Higher Education Sector. This is going to be one of the pillars around which

we can not only improve the global ranking of Indian HEIs but also ensure that our “brain drain” is transformed into “brain circulation”.

Active student & faculty mobility has already gained traction over complete exit and offers immense benefit in through experiential learning, which has traditionally been restricted to case study, role plays or live projects (Gittings et al., 2020).

The competitive forces are strong and there is a need to comprehend all key factors that shape the strategic intent for positive Global Citizen Development. Figure 3 visualizes the conceptual framework as understood from this study.

#### 4.1 Conceptual Framework and Proposed Model

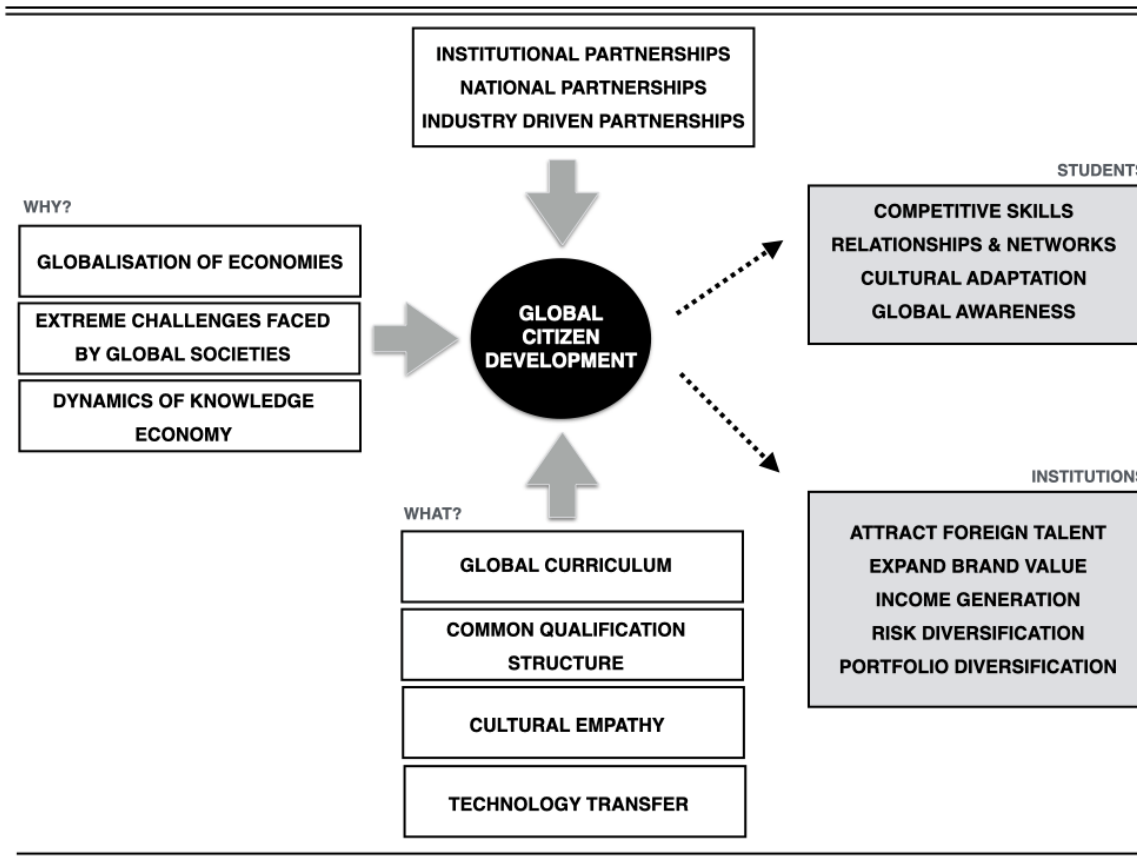


Figure 3. Self-Developed Conceptual Framework

Success on the international front is dependent on a clear strategy based on the global brand equity and the resources that are available for investments abroad. There are several research studies on competitive strategy for international business, such as that of Michael Porter (1980), who emphasized that this is an outcome of prevailing conditions within a particular industry. On the other hand, Barney (1991) highlighted strength of resources of individual firms as the key competitive factor, while Bartlett (2012) brings forth the many aspects of transnational management that involve multifarious linkages between an organization, the country of operation and other political, economic, social, environmental, technological & legal factors.

All competitive strategies can fail if not customized as per the valuation given by the different stakeholders. The international higher education market is extremely volatile, and universities need to adopt out of the box thinking for their pursuit of internationalization.

Historically, the main pursuit for international activities has been building a network between faculties with common areas of interest. Many HEIs have now understood and applied models of collaboration that bring mutual synergy to all parties (Bennet and Kottasz, 2011). The areas of cooperation include joint development of curriculum, delivery of programs & courses, research consortiums and different exchange programs.

This study shows that Global Citizen Development requires more detailed strategic intent, planning & execution. Existing gaps in any market cannot be filled in by simple market entry. Brand equity, trust, accreditation, reputation, and capacity to invest are important critical success factors, along with customization.

Offering of dual and joint degrees may be able to add unique dimension to student mobility while being a good step towards securing of a sustainable future amidst the growing competition. Figure 4 elaborates the conceptual framework of Global citizen development further as understood by the analysis of various dimensions studied for this research.

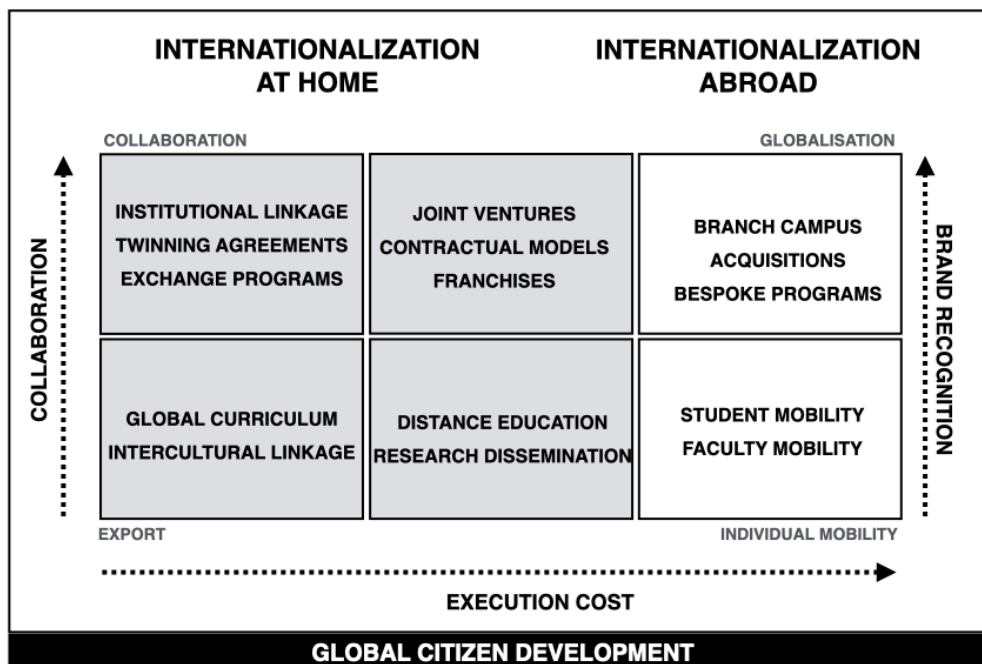


Figure 4. Proposed Model: Global Citizen Development

Indian Institutions are gradually venturing into international expansions through branch campuses and acquisitions. The best competitive strategy is still transnational that has a simultaneous focus on quality, transfer of skills, local responsiveness, and modest costs.

#### 4.2 Model Validation

The study uses a data triangulation and case study approach to validate the conceptual model proposed in the previous section based on the methodology developed by Eisenhardt & Graebner (2007) to build theories by examining current real-life contexts. An in-depth analysis of situations and higher education institutions (Robson & McCartan, 2016) suited the exploratory design where 15 structured personal interviews were conducted with heads of institutions and senior professionals who have been planning & leading various internationalization activities in this sector.

All participants had more than ten years of experience and their profile is summarized in Table 2. The validity of the content was tested using the Content Validity Ratio (CVR) proposed by Lawshe (1975) by determining how many experts agree with a particular dimension of the proposed model.

Content Validity Ratio (CVR) was calculated using the formula  $(N_e - N/2)/(N/2)$  where  $N_e$  was the number of experts who endorsed the dimension of the model which was presented before 15 experts (N). As per Lawshe table, for 15 experts, the critical CVR is 0.49 and hence all dimensions below this need to be eliminated.

Table 2. Profile of experts interviewed for model validation using case study

	Number	Percentage
>10 Years of experience	15	100%
Senior Management (CEO/Vice Chancellor or above)	9	60%
Vice President/Dean	3	20%
Director	3	20%
Indian University/Institution	9	60%
Foreign University/Institution	6	40%

Additional interviews were not conducted as the deductive content analysis of the interviews with the 15 selected cases reinforced the qualitative dimensions of the proposed conceptual framework, which can be taken up in further research for quantitative validation (Glaser & Strauss, 1967).

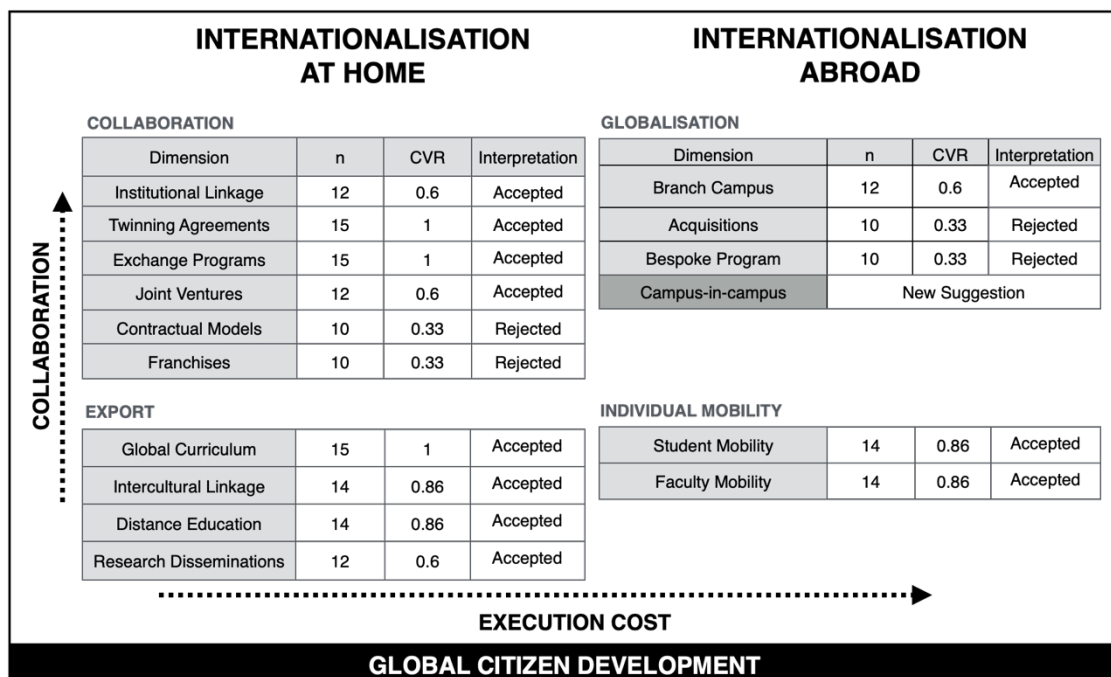


Figure 4. Model Validation using Content Validity Ratio

## **5. Conclusions and Future Research**

Indian HEIs have the potential to make their own mark in the world and end the growing debate of why they are not able to break into the top table of rankings. With growing competitive forces, there is a strong need for global positioning that is balanced with fulfilling the need gap of the students. However, Internationalization of higher education has been very sparsely studied through strategic lenses. There is a need to look at this area beyond neoliberalism & a presently limited vision.

This study has proposed a comprehensive framework of drivers for strategies of international business that provide a new direction of global citizen development. The simple international business strategy of expansion into new markets through opening of a branch campus or acquisition has not been a preferred route for Indian higher education institutions until now when IITs are being invited by other countries. Smaller degrees of collaboration like curriculum validation, faculty & student mobility, as well as joint research have low execution costs and high levels of outcomes that can assist in increasing brand equity, which is going to be an important parameter of consideration when finalizing any dual or joint degree arrangement.

This framework provides a foundation for future researchers to validate and develop in detail along each parameter & proposed strategic dimension. There is potential to deploy better qualitative and quantitative research methods to draw deeper insights that can make contributions to practice, policy, and scholarship.

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## **Biographies**

**Bhawna Kumar** has specialized in Instrumentation & Control Engineering & Management and has a work experience of over 26 years in strategic management, international business, entrepreneurship, projects, research, teaching, and training. She is presently pursuing her PhD at Amity Education Group, where she has been closely associated with the strategic initiatives in the areas of Training, Consulting & Internationalization of all its Institutions. She has contributed to the launch of the many Global Campuses of Amity including London, Singapore, Mauritius, Uzbekistan, New York, and San Francisco besides nurturing the International Business School, Study

Abroad, 3 Continent and Global Study Programs. She has conducted over 100 training programmes, workshops, Management Development Programs and been the chief coordinator of many international conferences.

**Gurinder Singh** is the Group Vice Chancellor of Amity Universities and has an extensive experience of more than 28 years in Institutional Building, Teaching, Consultancy, Research & Industry. A renowned scholar & academician in International Business, he holds a prestigious Doctorate in the area along with a Post Graduate degree from Indian Institute of Foreign Trade where he illustriously topped with 7 merits. He holds the distinction of being the youngest Founder Pro Vice Chancellor of Amity University for two terms, the Founder Director General of Amity International Business School and the Founder CEO of Association of International Business School, London. He has been instrumental in establishing various Amity campuses abroad including at London, USA, Singapore, Mauritius, Australia, Tashkent & other parts of the world. He has spoken at various international forums which includes prestigious Million Dollar Round Table Conference, at Harvard Business School, Thunderbird Business School, NYU, and many more. He has received more than 25 International & National awards and has graced a host of talk shows on various TV channels.