Neapolis University Pafos

The Competitive Advantage in the Business Model of the Private Universities in Paphos and Cyprus

The sustainable development appraisal

by

Koulla Loizou

Supervised by Professor Spyros Vliamos

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This dissertation is all my own work and all other works discussed or referred to have been cited.

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Dissertation

Advisor

Professor Spyros Vliamos

Committee Member

Nil

Dean/ Program Director

Dr. John Politis

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Abstract

This paper investigates the Competitive Advantage factors to be considered by the Private Universities in Cyprus. The research has indicated that in the current globalised World Wide Web network Universities Business Models are subject to sustainable and continuous competition.

The way of doing business in the educational sector is continuously changing and this includes the ways that the Public and, especially the Private sector need to cooperate with the market and take risks. The research suggests that the winning formula for a Business Model is: Efficient use of internal resources, use of Information Technology (IT), strategic alliances with brand names and the Government, and the Transformation of these, through Customer Relationship Management (CRM) and Strategic Management, into Competitive Advantages.

The findings and conclusions of this research indicates that future higher education learning would be transformed, unmatched to what we know today, through the use of IT, Strategic Alliances and Management, and as such these factors should be the nucleus of any University Business Model. In this respect the internal competitive resources factors would need to be incorporated within the business operations and strategies and the value and supply chain.

While this research suggests that it is possible to design a best practice University Business Model, the Cyprus private higher educational institutions (PHEIs) market is very competitive and not as yet matured enough for any partner to plan securely on a certain winning mix. The success in PHEIs market is still going through the growing phase and it is thus suggested that a feasibility study should precede any investments or financial commitments.

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Figure: [0.1]: Neapolis University, Artist impression

I wish also to thank all the colleagues, friends, and professional associates and especially the Executive Officers of the Neapolis project, who have spent some of their valuable time in participating in this project. Their contribution is duly respected and will not be forgotten. I take also the opportunity to wish Mr Michael Leptos all the best health and success for the development of the Neapolis Project and the promotion of Paphos and Cyprus into a destination of Excellence.

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Abbreviations

PHEI'S	Private Higher Education Institutions
COS	Cost of Capital
WACC	Weighted Average Cost of Capital
SWOT	Strengths, Weaknesses, Opportunities, Threats
SDV	Sustainable Development
GUI	Government University Collaborations
CRM	Customer Relationship Management

Chapter 1: Introduction

This chapter consists of two sections:

Section A outlines the research problem, purpose, hypothesis and limitations.

Section B outlines the structure of the thesis and provides a brief summary of each chapter.

1.1 Section A: Research problem, hypothesis and limitations

The primary aim of this study is to examine and describe the competitive advantage and the Business Model of private higher educational institutions (PHEIs) operating in a geographically 'isolated' and comparatively limited market in Cyprus and especially in Paphos through a case study of the Neapolis University which is located in the city of Paphos. The study also seeks to identify some of the key factors that enabled PHEIs to develop and attain competitive advantage in order to survive or prosper in a highly competitive higher education industry.

This introductory chapter outlines the background, purpose and objectives of the study, as well as the research questions that the study seeks to address. It also discusses the significance and implications of the study, both for theory and for practice on the part of PHEIs, for public policy-making, and recommendations for related future research.

1.1.1 Research purpose

The Cyprus Strategic Plan, STP (2007) p.56, 145, envisions that a strong human resource base, STP (2007) p.153, would be able to support the development of the country's knowledge-based economy and enhance its productivity and competitiveness in this increasingly competitive global market. *"One of the goal is to use education and training as key tools for developing productivity, innovation , competitiveness and the dynamism of the country on the one hand to enhance social cohesion and the quality of life of its people on the other hand"*, STP (2007) p.140

As the country slowly immerses itself, and through the EU membership, into the global market characterized by an extensive removal or relaxation of trade barriers, it has to increase significantly its competitiveness in the global market. Global competitiveness can only be achieved if the country's human resource is sufficiently educated, trained and equipped with highly relevant skills in key areas like science, information and communication technology, international law and finance and various other cutting-edge technologies.

Porter (1990) has argued that a nation's competitiveness is not a macroeconomic phenomenon underpinned by such factors of production as cheap and abundant labour, possession of bountiful natural resources, interventionist government policy like protection, export promotion and subsidies, or efficient management practices. The only meaningful concept of a nation's competitiveness, Porter argues, is national productivity. Any meaningful study of national competitiveness, should not, however, focus on a nation's economy as a whole but on specific industries clustered in certain geographical regions of a nation, and industry segments in that nation. However, the role of economic firms or companies in achieving national competitiveness cannot be overemphasized, Porter (1990, p. 10)

To achieve competitive success, firms from the nation must possess a competitive advantage in the form of either lower costs or differentiated products that command premium prices. To sustain advantage, firms must achieve more sophisticated comparative advantages over time, through providing high quality-products and services or producing more efficiently. This translates directly into productivity growth.

The purpose of this study is to examine and describe the business model and competitive advantages of private higher educational institutions (PHEIs) in the higher education industry located within a specific geographical region.

This study also seeks to examine, describe and analyse how PHEIs formulate their competitive strategies, position their business within the higher education industry and develop or exploit strategic internal resources and distinctive competencies to gain and sustain competitive advantage, and subsequently attain market success relative to that of their competitors.

1.1.2 Research problem

The traditional Model of University funding and management and their overall strategic business model, are currently been challenged by the changes happening in the world due to globalization, market deregulation, financial stress on the available funds, and World Web Wide Networking.

The Universities, Private or Public, are being called to re-examine their business Model and to compete in entrepreneurial business environment with limited or restricted direct Government support. While the communities are calling for these Institutions to meet the requirements of New Learning, in providing them with the tools to meet their job requirements, the limited financial resources available demands , that these are properly allocated.

Finding the right mix of competences and strategies to meet these financial and other challenges is the core of this research.

1.1.3 Significance of study

The study is significant for the following reasons:

I. It will determine the factors that need to be considered in a University Business Model including the Investment appraisal as well the impact on the community.
II. It will identify the competitive advantages that the PHEIs need to focus in an effort to compete successfully in the local and global environment.
III. It would identify the changes happening and expected to happen as a result of the impact of new technologies, the globalisation and World Wide Web networking, and the ways of living and doing business.
IV. It would identify what others in the world are doing and how they would compete with Cyprus universities.
V. It would identify the critical factors for success and hopefully to indicate in what resources the investments should be allocated; buildings, technology, people.
VI. It would identify and recommend whether the Government resources including grants, subsidies, as well the provision of free public higher education, are properly allocated or need to be reviewed.
VII. The study can be used by the Stakeholders for better planning.

It is hoped that the findings and recommendations of this research can be used as a basis for further detailed research by the Stakeholders: Universities, Government, Investors, the Community, and the students, in an effort to provide a Competitive Sustainable Learning and Investments framework.

1.1.4 Research questions

The following general research question was formulated as a very general guide to the study:

What is the nature of the competitive advantage of PHEIs in Cyprus? How do PHEIs formulate strategies in order to gain and sustain competitive advantage and achieve market success?

Taking into consideration the foregoing research objectives and general research question, the following specific research questions were formulated to guide this study:

I. How do private higher educational institutions (PHEIs) in Cyprus take into account environmental factors and internal resources when formulating strategies to gain competitive advantage? What are the opportunities and threats found in the external environment? What are the strengths and weaknesses of these PHEIs?

II. What are the competitive forces in the higher education industry that influence competition and affect the degree of profitability among PHEIs in Cyprus? How do these competitive forces influence competition and affect the degree of profitability among PHEIs?

III. What are the strategic internal resources that PHEIs in Cyprus possess? What considerations do they make regarding the use of these strategic internal resources in the management of their institutions?

IV. How do PHEIs in Cyprus position themselves in the higher education industry? What generic positioning strategies do they adopt, and what benefits accrue to them in adopting these strategies?

V. What distinctive competencies do PHEIs in Cyprus possess? How do the PHEIs exploit their distinctive competencies to gain competitive advantage?

VI. Is the competitive advantage of PHEIs in Cyprus sustainable? If so, what are the factors that contribute to the sustainability of their competitive advantage? If not, why is their competitive advantage not sustainable?

VII. How do PHEIs in Cyprus define market success in the higher education industry? What are the key factors that bring about market success to these institutions? How successful are PHEIs in terms of student enrolment growth, financial benefits, demand for places, and optimism over student enrolment growth?

1.1.5 Hypothesis and Key variables

Hypothesis

If a University Business Model is correctly designed, and its competitive advantages are efficiently applied and managed, in its operations and strategies, then these will lead to sustainable investments and performance.

The key variables directly associated with the hypothesis for which evidence will be required are:

1. Investments
2. Internal resources
3. Competition
4. Strategy

The other factors / variables that will need consideration, when determining the credibility and thoroughness of the testing of the hypothesis using only the above four variables, are:

a) University model complexity
b) University location
c) University building
d) Market size
e) Quality of students and lectures
f) Information technology
g) 0rganisational/management structure
h) Customer relationship management
i) Supply chain
j) Market forces
k) PESTEL
l) Sustainable development

1.1.6Business Model of Private Universities

The Universities, Private or Public, are called to re-examine their business Model and to compete in entrepreneurial business environment with limited or restricted direct Government support. While the communities are calling for these Institutions to meet the requirements of New Learning, in providing them with the tools to meet their job requirements, the limited financial resources available, demands that these are properly allocated.

1.1.7 Limitations

The scale used for analysing the research data input (primary data) is the Likert 5-point closed or forced question type which is expected to limit the sample to quantify their minimum or maximum preference. The quality of the sample and its expertise in all the areas tested is also a major obstacle to this research since the response of "one" could be more valuable than the response of the "hundred". Interpreting qualitative data involves substantial judgemental assessment thus limiting the interpretation to be subject to more than one alternative answer. An effort will be made to minimise this exposure by been more selective in the sample.

1.2 Section B: Structure of the research

This project is structured in the Introduction phase and six (6) chapters which can be summarised as follows:

Chapter 1: Introduces the topic to be investigated, the purpose of the research, the research problem, the research question and the hypothesis, the significance of the study, the main limitations, and a brief reference to Neapolis University.

Chapter 2: Outlines the methodology to be followed in the research. It examines the literature around this study and it explores alternative approaches that can be followed in collecting and analysing data including the research process, strategy, using of sampling, and questionnaires.

Chapter 3: It is the literature review and the theoretical investigation of the research problem. It is structured in the following topics: The Traditional Vs. Business Model for the University, Resource Based View, Investment and the cost of Capital , Sustainable development issues, Competitive advantage, Customer Relationship Management, a Vision of Learning transformed by information Technology, Strategic Alliances, Strategic Management, Talent Management, Accreditation and Intellectual Capital.

Chapter 4: Deals with the actual details of evidence collection, the methods used and the evidence collected. Substantial part is allocated to the layout of the questionnaire which is been used to collect and analyse the data from the survey. Detail analysis is presented in Appendix A: Section A.

Chapter 5: Presents the data collected in a summarised form. The related tables of the research are also listed in the appendix A: Section B.

Chapter 6: Summarises the conclusion and recommendations and aims to draw together the findings and the data collected and interpreted throughout the research including the tests of the hypothesis.

Chapter 2: Methodology

2.1 Introduction

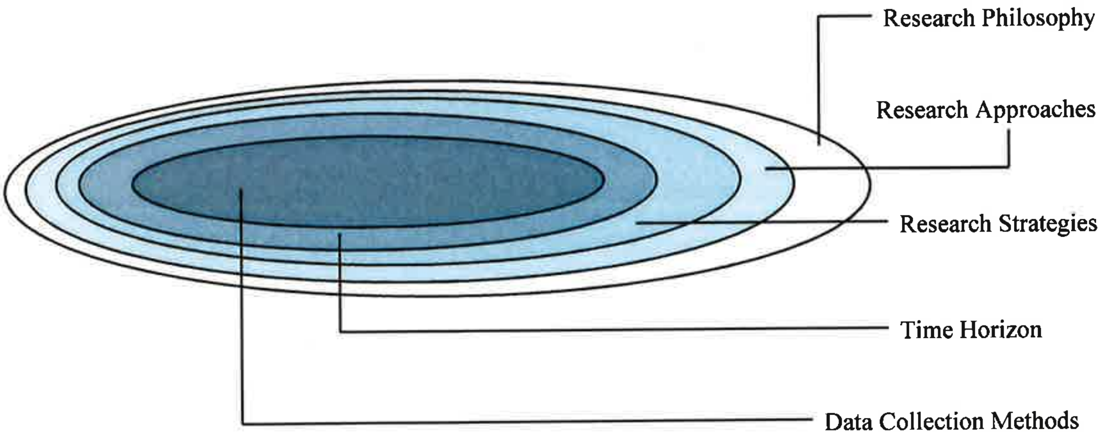
"Methodology" is the theory and a process of how research should be undertaken, including the theoretical and philosophical assumptions upon which research is based and the implications of these for the method or methods adopted, Gill & Johnson, (1997)

Figure [2.1]: Methodology-internet Google (2012)

2.2 The research process

While there are different approaches to research and data collection these can be grouped under the following five layers: Research philosophy, research approaches, research strategies, time horizon, and data collection methods, "The research process 'onion', Saunders et al. (2003).

Figure [2.2]: The research process onion



Source: Saunders et al., 2003, p. 83.

2.2.1 Research Philosophy

Saunders et al. (2003) highlighted four not mutually exclusive views about the way in which knowledge is developed, namely positivism, interpretivism realism and pragmatism.

The Research Philosophy intends to interpret the literature, and the primary and secondary quantitative and qualitative data collected, in a realistic perspective, since it involves values that can be compared and exchanged, and as such it propose to adopt a mixed and combined research philosophy of all the above views.

The research intends to use a mixture of the above philosophies because the research problem would require: positivism, a law standards-making understanding of the laws and standards, interpretivism, an interpretation of the variables that impact the business environment, and realism, the understanding, beyond the theory, of what would really happen, Saunders et al., (2003).

Figure [2.3]: Research-internet Google (2012)

2.2.2 Research approach

Saunders et al. (2003) has outlined two different methods concerning the approach to research, namely deductive and inductive approach. Using deductive approach it has to develop a theory and hypothesis and design a research strategy to test the hypothesis. In general it used the literature to help to identify theories and ideas that it will test using data.

By using Inductive approach, it has to collect data and develop theory as a result of the data analysis.

Figure [2.4]: Research Design- internet Google (2012)

Robson (2002) lists five sequential stages thought which deductive research will progress:

1. Deducing a hypothesis from the theory
2. Expressing the hypothesis in operational terms, which propose a relationship between two specific concepts or variables
3. Testing this operational hypothesis
4. Examining the specific outcome of the inquiry (it will either tend to confirm the theory or indicate the need for its modification)
5. If necessary, modifying the theory in the light of the findings

Major differences between deductive and inductive approaches to research are shown in Table 2.1 shown below and some elements of both can be found in most projects.

Table [2.1]: Differences between deductive and inductive approaches:

Deduction emphasises	**Induction emphasises**
• Scientific principles	• Gaining an understanding of the meanings humans attach to events
• Moving from theory to data	• A close understanding of the meanings humans attach to events
• the need to explain causal relationships between variables	• the collection of qualitative data
• the collection of quantitative data	• a more flexible structure to permit changes of research emphasis as the research progresses
• application of controls to ensure validity of data	• a realization that the researcher is part of the researcher is part of the research process
• the operationalization of concepts to ensure clarity of definition	• less concern with the need to generalise
• a highly structured approach	
• researcher independence of what is being researched	
• the necessity to select samples of sufficient size in order to generalise conclusions	

Source: Saunders et al., (2003), pp. 89.

The approach that has been chosen in this research is mostly deductive. The deductive approach section would be useful to the large amount of literature from which it expected to define a theoretical framework and hypothesis.

2.2.3 Research strategy

"A research strategy is the general plan; the road map in answering the research question", Saunders et al., (2003), pp. 92. Saunders et al. (2003) has highlighted eight different mutually exclusive research strategies that can be employed in combination in answering the research question; experiment, survey, case study, grounded theory, ethnography, action research, cross-sectional and longitudinal and exploratory, descriptive and explanatory.

The research strategy approach in this project can be summarised as a combination of the survey and a case study as well as the exploratory, descriptive and explanatory studies. The survey within the case study approach seems to be the most appropriate regarding testing the hypothesis "if the University Business Model is correctly designed, and its competitive advantages are efficiently applied and managed in its operations and strategies, then these will lead to sustainable investments and performance". The explanatory, descriptive and explanatory studies are to be followed in this research regarding the literature review of the competitive advantages, models, laws and directives.

In contrast to an explanatory study, exploratory studies (desk research data on effective competitive advantages and impact on the cost of capital and investments) will help to seek new insights by using qualitative techniques, Saunders et al., (2003). The descriptive study which is an extension of an exploratory study will be used 'to portray an accurate profile of a University Business Model', Robson, (2002).

2.2.4 Time horizon

Cross –sectional research study incidences and phenomena at a particular time, Robson, (2002), in contrast to the longitudinal studies that has the capacity to study change and development over time, Adams and Schvanevldt (1991). The research involves investigating an impact of a university business Model over time, particularly the sustainable development issues, and as such the longitudinal study approach is the most appropriate. Analysing surveys over time will help to gain valuable data, which would give a powerful insight into the impact on investments and decisions over a period of wide-ranging change, Bouma and Atkinson, (1995).

2.3 Negotiating access and research ethics

Access and ethics are critical aspects for the conduct of research, Saunders et al., (2003), pp. 113 and within this respect the strategy to gain access would be concentrated in: (i) allowing sufficient time, (ii) using existing and new contacts, (iii) identifying possible benefits by granting access to their contribution, Saunders et al., (2003), pp. 118, Buchanan et al., (1988), Easterby-Smith et al., (1991).

The main ethical concerns that will be addressed in this research is (i) privacy of the participants, (ii) voluntary nature of participation and the right not to response, (iii) consent and possible deception of participants, (iv) confidentiality of the data provided by the individuals, Saunders et al., (2003), pp. 131.

2.4 Selecting Samples

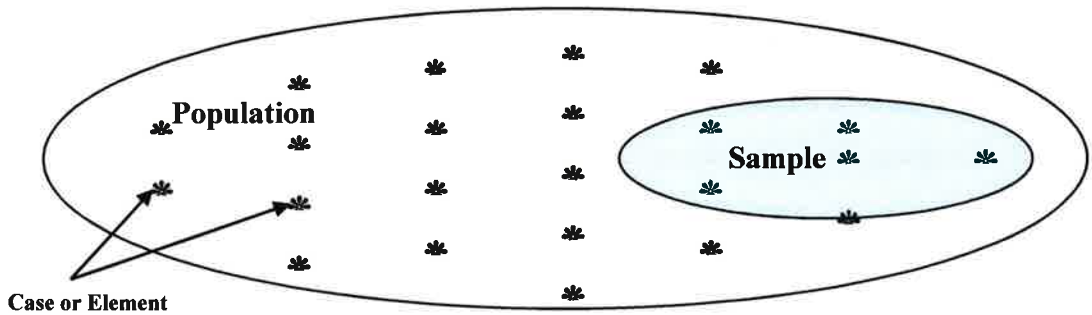
In selecting the sample, for the construction of the questionnaire, it had to bear in mind a number of parameters, and previous research. The main literature applicable to this research is as follows:

2.4.1 The need to sample

The need to sample, a method that reduces the data, emanates from the limitation that it is impossible to survey the entire population, census, and also from the theory that it is possible through a highly designed sample selection to get even better results, Hendry, (1990).

2.4.2 Sampling

A sample is a small subset of the population. When collecting samples it can use the behaviour within the sample to infer things about the behaviour in the population, Field, (2005).



Source: Saunders et al., 2003, p. 151.

Figure [2.5]: Population, sample and individual cases.

Saunders et al. (2003) identifies two types of sampling techniques, namely probability (representative) sampling and non-probability (judgemental) sampling. With the probability samples "the chance of each case being selected from the population is known and is usually equal for all cases", Saunders et al., (2003), pp. 152. Hence, probability sampling is mostly associated with a survey, Saunders et al., (2003). Non-probability sampling on the other hand does not know the probability of each case being selected from the total population. This research, and as explained below, will use a mixture of the above approaches.

2.4.3 Purposive or judgemental sampling

Purposive or judgemental sampling including snowball sampling will be used in selecting the sample or the cases that will enable to answer the research question and the objectives, Neuman, (2000). The objective would be to design a selection that would contribute an added value of expertise in the various sections and the required answers.

2.4.4 Questionnaires sample

A carefully worded questionnaire and an interview would be designed, with a target practicing professionals, to produce evidence that relates to the objectives of this research, that it would answer the research questions, and would be structured on the basis of the literature review report. The sample to include at least: 8 members involved in Universities, 23 other professionals from the Business and the community and 5 students.

2.5 Using Secondary data

2.5.1 The purpose of secondary data

Secondary data include quantitative and qualitative data, and they can be used in both descriptive and explanatory research, Saunders et al. (2003) pp189. The advantages and disadvantages of using secondary data can be summarised as in the table [2.2].

Table [2.2]: Secondary data: advantages-disadvantages

	Secondary data	
	Advantages	Disadvantages
	May have fewer resource requirements, (Ghauri and Cronhaugh, 2002)	May be irrelevant for your needs (Denscombe, 1998)
	Unobtrusive,(Stewart and Kamins, 1993)	Access may be difficult or costly
	Longitudinal studies may be feasible (Dale et al., 1998)	Aggregations and definitions may be unsuitable
	Can provide comparative and contextual data	No real control over data quality
	Can result in unforeseen discoveries (Dale et. Al., 1998)	Initial purpose may affect how data are presented (Reichman, 1962)
	Permanence of data (Denscombe, 1998)	

Stewart and Kamins (1993) argue that good quality secondary data provides substantial advantage compared with primary data but they emphasise a range of validity and reliability criteria, Kervin (1999); Jacob, (1994); Denscombe, (1998); Dochartaigh (2002).

Desk research

Secondary evidence will be obtained from articles published in professional journals which have been written by expert practitioners; EU, Ministry of Education, United Nations.

2.6 Collecting primary data by using questionnaires

The questionnaire is the prime tool of data collecting and data mining in this research. In selecting and drafting this tool it had to consider the following literature and parameters:

2.6.1 Questionnaire

A questionnaire is a general term that includes all techniques of data collection where each person is asked to respond to the same set of questions in a predetermined order, De Vaus, (1996), Malhotra and Birks (2003). This research intents to use the questionnaire, in addition to the interview, as the main process of collecting primary evidence for the case study since questionnaires are the most appropriate method used in survey research, Saunders et al., (2003), pp280.

2.6.2 Observation

Observation is also a process of collecting primary data and it involves: the systematic observation, recording, description, analysis and interpretation of people's behaviour, Saunders et al., (2003), pp221. This type of research process could have been most applicable in this research questions regarding the decision making of the organisations, including the local government, the people, and the competitors; however it has decided not to pursue it for this research. The main factors that influenced not to use this method are (i) time constraints, (ii) difficulty in access to the data, (iii) difficulty in data recording, and the fact that we have considered that the questionnaire and interview were more appropriate and adequate for this research.

2.6.3 Type of questionnaires

There are two types of questionnaires, namely self-administered and interviewer administered, Saunders et al., (2003). The self-administered questionnaire is completed by the respondent and then delivered back to the researcher (delivery and collection questionnaire). This can be carried out by online surveys, postal survey, email survey or hardcopy survey ,Saunders et al., (2003); Sekaran, (2000).This research would be conducted using self-administered questionnaires because the area tested is very technical.

The interviewer administered questionnaire (used as a base for the interviews) on the other hand was data recorded on the basis of the respondent's answers, Saunders et al., (2003). This has been carried out by telephone questionnaire or by a structured interview.

2.6.4 Design of questionnaire

The design of the questionnaire will affect the response rate and validity of the data to be collected, Saunders et al., (2003), therefore it is essential that there is: (i) a careful design of the questions, Denscombe (1998) (ii) clear layout of the questionnaire form, (iii) adequate explanation of the purpose of the questionnaire, (iv) pilot testing and (v) carefully planned and executed administration, Saunders et al., (2003), pp 281, Bell (1999), Oppenheim, (2000).

The layout of the questionnaire

The layout of the questionnaire should be attractive, in sufficient length to cover the whole project and in line with the related sections in the literature review, thus providing a natural flow of questions. The questionnaire would include: (i) an introductory letter, (ii) A brief summary regarding the project under research, and (iii) the main body of the questions.

Designing individual questions

The design of each question will be determined by the data that needed to collect. The questions developed will be derived from the literature review and they will be "closed or forced questions", Dillman, (2000), De Vaus (2002). The questions will provide a choice in the scale of five (5), separated into three groups: Yes, Neutral, and No, and sub-groups of: Not at all-Sometimes-Average-A lot –and Always.

The questionnaire will use a nominal and 5-point Likert scale in order to group the responses to the various items that measure the variables on a five point scale. The responses vary from strongly disagree to strongly agree , in the format presented above, and each of them would be given a rank, which would allow them to be easily tabulated, quantified, and to be put into Microsoft Excel for the appropriate statistical tests.

Pilot Questionnaire

A pilot study is a scaled-down version of the full survey, Bell (1999), and its purpose is to refine the questionnaire, Saunders et al., (2003). This research plan to use a group of 5 professional to complete the questionnaire and to discuss with them: (i) the time needed, (ii) clarity of the instructions and questions, (iii) adequate coverage of the research question and the topic, (iv) and whether the layout is clear and attractive, Bell (1999).

Administration

The main methods in administering the questionnaires are and will be: (i) on-line, (ii) postal, (iii) delivery and collection, and (iv) the telephone, Saunders et al., (2003), pp. 310.

2.7 Collecting primary data by using interviews

2.7.1 Introduction

An interview is a purposeful discussion between two or more people, Kahn and Cannel, (1957), and it can help to collect valid and reliable data that could be relevant for this research question. The interview should be relevant to the research philosophy and strategy and consistent with the research question.

2.7.2 Types of interview

These are classified as structured (standardised) or unstructured (non-standardised) and we plan to use both in this research.

The Structured interviews would use the questionnaire and would be based on the same set of questions. The questions will be read and the response would be record while also interacting on possible personal experiences or feelings about the particular area of the questionnaire.

The unstructured interviews are informal and will be used to explore in depth a general area regarding the impact of competitive advantages on the cost of capital and investments. There is no predetermined list and the strategy would be to invite the interview partners to be freely expressed on the research question and related objectives.

2.7.3 Case Study

Neapolis University of Paphos (NUP) will form the basis of this research.

Figure [2.6] : Neapolis University Paphos -internet Google (2012)

2.8 *Data analysis*

In this study, the quantitative and qualitative data will be illustrated and analysed by graphs figures and tables using Microsoft Excel. The objectives for the data analysis can be outlined as: feel for the data, Dey (1993), Miles and Huberman, (1994), testing the goodness of the data and answering the research question, Sekaran (2000).

Chapter 3: Literature review

This chapter would identify the research in the areas it would answer the research questions. It would be structured in the following sections:

1. The Traditional Vs. the Business Model for the University
2. Resource Based View
3. Investment and the cost of capital
4. Sustainable Development issues
5. Competitive advantages
6. Customer Relationship management
7. A Vision of Learning transformed by information Technology
8. Strategic Alliances
9. Strategic Management
10. Talent Management
11. Accreditation
12. Intellectual Capital

Within the above package it would manage to build and support the story with relevant theoretical and empirical evidences. In accordance with the current appraisal of the research problem the above sections should provide with all the literature relating to a benchmark University Business Model.

Figure [3.1] Literature review-internet Google (2012)

3.1.1 The Traditional vs the Business Model of the University

According to Brown & Duguid (2004) various pressures, especially, those of competition are now forcing Universities to think like business from the perspective of investments, competition, performance, product value, cost saving, strategy and management. There is a continuing "political" pressure on universities to produce graduates that satisfy the needs of industry, the growth of private 3rd level profit-making universities and the redefinition of vocational/technical colleges as universities. Environmental, political concerns and issues have dramatically changed the day-to-day operations of higher education. Leading in the way in the "green revolution" are many colleges and universities who are focusing on sustainability and sustainable green development and competitive advantage (Inside Higher Ed., 2007). All the above variables, if they were to be considered value in the stakeholders, and money in the bank, then they have to be converted into competitive advantage. It considers the competitive advantage philosophy to be the cornerstone of this thesis therefore a brief summary at this stage is introduced supplemented by section 3.2 which is a University oriented competitive resources and strategy literature review.

3. 1.2 Competitive advantage strategy

The main literature of what signifies sustainable competitive advantage in the education industry is set out below:

I. The resource based view (Hamel and Prahalad, 1994) believes that the firm will perform well if it is able to develop distinctive competencies which allow it to outperform its competitors.

II. The competitive forces view (Porter, 1985) believes the success of an organization's competitive strategy depends on the positioning of the organization within its environment, particularly its industry and its ability to defend itself against competitive forces, or influence them in its favour.

III. By identifying specific ways in which an organization can differentiate its products or services and promoting those differences that will appeal mostly to its target market (Baharun, 2002).

IV. Organizations should be driven by market focus and innovation, and are to be flexible and responsive to changing markets/circumstances and international in perspective (Baharun, 2002).

V. Courses, career information, physical aspects and facilities are critical issues that must be kept in mind when educational institutes are trying to create sustainable competitive advantages in marketing strategies (Joseph & Joseph, 2000)

VI. Davidson (1987) identified eight sources of competitive advantage and for a winning strategy at least one competitive advantage is needed. For above average growth and profits, however, more are usually needed: i) A superior product benefit, ii) A perceived advantage perhaps created through imagery and effective communication, iii) Low cost operations, iv) Legal advantage, because of patents, copyrights or a protected position, v) Superior contacts, vi) Superior knowledge of customers, markets, science or technology, vii) Scale advantages, viii) Offensive attitudes, competitive toughness and a determination to win.

3.2 Resource Based View

Continuing from section 3.1 this section highlights the concepts, competitive advantages and application to the University industry.

3.2.1 Introduction

The branch of strategy associated with identifying those resources which can give competitive advantage has been called the "resource-based view" of strategy development (RBV). For profit-seeking companies, the RBV has been captured in the following:

"In summary, [the RBV] rests on the collection, development, enhancement, and exploitation of a deliberately chosen set of elemental, building block competencies and assets that are isolated from imitation and appropriation by competitors. Structures and systems are designed to nurture, protect, and exploit these key capabilities and resources in ways that enable a firm to create a deliberate, path-dependent future to achieve competitive advantage. (Lengnick-Hall & Wolff, 1999)"

In general this view hold that the internal resources of a PHEI's are more influential in determining the competitive strategy for that PHEI's that an understanding and management of its external environment. These resources are competitively important if they are valuable, rare and difficult to imitate (Barney 1991)

3.2.2 The competitive resources of University

Table [3.1]: Identifying the competitive resources of university

RBV concept	Competitive advantage	Application to university sector
Reputation	Enables an organization to communicate favourable information about itself to its stakeholders	Important to build 'long learning' relationships with students to recruit to courses so that they undertake studies throughout their lives. Students also become employers, donors or partners at later points in their lives. Reputation is important for the development of outreach activities and for commercial and public sponsors of research
Architecture	The network of relationships, contracts and alliances	This parameter includes relationships developed with other higher and further education institutions, local government, funding bodies, research councils, companies and partners (commercial or charitable) for recruitment of students onto courses (teaching),research (e.g. funding councils) and outreach/ Commercialization (e.g. licensing agreements).
Innovative	The ability to undertake totally new initiatives that go beyond the current strategy	Perhaps the most difficult resource to develop in higher education institutions because of the need to maintain quality of provision without damaging academic standards but is equally applicable to teaching (learning and development process innovations—e.g. e-learning), research (e.g. patents) and outreach/commercialization (e.g. new commercial products and services
Core Competencies	The group of production skills and technologies that enable an organization to provide particular	This could include a number of areas: the processes underpinning teaching, learning and assessment strategies; application of theory to practical problems (vocation) either for the development of teaching or consultancy products or for research purposes; student placement or final destination placement;

	benefit to customers	fund-raising and/or alumni relations.
Knowledge-based-advantages	Tacit and explicit proprietary knowledge possessed by an organisation	This is likely to include frameworks and methodologies in consultancy, copyrighted material, high-value Continuing Professional Development (CPD) courses and training competences, and intellectual property arising from research.

Sources: Application based on the criteria and comments developed for the Royal Academy of Engineering (RAE) 1996 and 2001; the QAA –Teaching Assessments (1996–2002).

When a university's resources are analysed from an application-based RBV perspective, it becomes clear that the people component of its resource base becomes fundamental (see Selznick, 1957; Barney, 1986; Wernerfelt, 1989; Cm 5735, 2003). Indeed, it may be the key asset associated with many of the five sources shown in Table 3.2 above.

For instance, if a university fails to invest in developing its staff, particularly in capacity building in research teams; it will not succeed in developing knowledge to which it can then claim unique ownership through copyright or patents. If a university fails to develop a network of contacts within and outside the industry, it will not be able to recruit sufficient overseas and domestic students and might see those students decline in its own traditional markets as other institutions poach them (Rolfe, 2002; Mazzarol and others 2003).

This brings out the big question as to which concept and which competences or strategies would be incorporated with the Business Model and whether it would be one or a mix of strategies. It should also be emphasised that the business or as in this research the Neapolis University has limited or scare resources and is also working in a very competitive environment. Thus in practice this mix of concepts or strategies needs a lot more refined research if it were to be implemented. For instance can you apply these strategies if you do not manage to attract the best of the students or the best of the teachers? There are a number of critical questions and issues that need to be answered and explored if can be identifying the winning Business Model.

The sections that follow would attempt to explore in more detail that mix of variables in an effort to build and design a sustainable Business Model from all perspective including financials and contribution to the society.

3.3 Investment and the Cost of Capital

3.3.1 Investment Strategy

The literature associated with "investments", Reilly and Brown (1997) pp5, Armitage, (2005), suggests that although the goals of the organisations can be expressed in targets rates of Cost of Capital (COC) investment decisions are also influenced and by other strategic business, *Porter, (1980),* Ansoff (1969), *CEM, (2006),* and non-business variables. This is a result of the interaction of the business with a number of other environmental variables including, PESTEL Shapiro (1978).

Figure [3.2]: Investment in Universities-internet Google (2012)

3.3.2 Firm's optimal capital structure

The literature associated with "capital" Parker and Harcourt, (1969); Hirshleifer (1970), suggests taxation as important factor in searching for a target (optimal) capital structure, Modigliani and Miller (1958), however it also suggests that the factors of business risk, need for financial flexibility, Derereux (2003) and management conservatism or aggressiveness towards using debt are also important factors, Myers (2001).

This has a direct impact on the COC since by using more debt we raise the riskiness of the firm's earning stream, Fazzari et al.,(1988), Armitage (2005), while a higher debt generally leads to a higher expected rate of return, Modigliani and Miller (1958). The optimal capital structure is the one that strikes a balance between risk and return to achieve maximizing the price of the stock, Shabar (1968).

3.3.3 Weighted average cost of capital (WACC)

The literature associated with the "COC, Modigliani and Miller (1958), Solomon (1963), Armitage (2005),*Brigham et al (2000) pp 433*, "suggests that strategic business risk has an equal impact on the other variables making the COC including the risk free premium, mix of debt, as well as the project risk, and the beta, Bodie et al. (1993), William et al. (1999). The literature also suggests that there are also a number of limitations in calculating the WACC and the COC due to the unavailability of data as well as the availability of non-measurable factors, Haley and Schall (1978).

3.4. Sustainable development issues

3.4.1 Impact of Sustainable Development (SDV) on Value

Sustainability has been defined as the development which meets the needs of the present without compromising the ability of the future generations to meet their own needs, Bruntland report (1987), therefore the impact on the environment cannot really be ignored from any Business Model if this Model aims to be acceptable by all the concerned stakeholders. Meeting the prescriptions and conditions that might be imposed by the project, either directly by the law or indirectly by the public through political and other pressures therefore need to be taken in to the Model. The literature review of this section can be summarised in context as follows:

3.4.2 Projects impact on Environment

Engineering projects may have an impact on the full range of environmental features, including: air, water, land ecology, sound, human aspects, economics and natural resources. Many of these impacts can be measured in terms of changes to specific quality parameters such as the concentration of particulates or hydrocarbons in the air, or the dissolved oxygen concentration in water. Other impacts, such as the aesthetic qualities of a landscape or a structure, or the importance of preserving an historic building, are not so easily quantified.

Some of the impacts will be directly attributable to the project-such as noise from an airport or road, the visual impact of a structure, or pollution of the air or water by a factory. These are referred to as direct or primary impacts.

The range of environmental impacts arising from a project will continue throughout the operating life of the project, and can therefore be regarded as permanent or long-term impacts. Short-term or temporary impacts, on the other hand, are those arising from the planning, design and construction phases of the project. Typically, these might include the noise, or temporary changes to water-table levels.

3.4.3 Capital maintenance over time

In the economics literature, SDV has been most commonly interpreted in terms of non-declining welfare over the long (inter-generational) term Pezzey, (1992), Solow, (1993) and this has been defined in terms of maintaining the aggregate capital stock over time Pierce and Atkinson, (1993).The extent to which natural capital must be maintained (strong sustainability) and specific concerns with natural capital appreciation resulting from development activity is fundamental to most economic interpretations of SDV, DOE (1996).

Other interpretations place greater emphasis on the definition of welfare, broadening it to embrace a range of ' quality of life' issues, such as housing conditions, crime and community well-being, Jacobs (1996), many of which present considerable measurement difficulties.

Whatever the emphasis, evaluating a concept with multiple, often intangible and sometimes conflicting objectives, poses a considerable challenge. Given the breadth of the concept any evaluation framework must limit the evaluation criteria to relevant and measurable objectives, Hill and Crabtree, (1999).

Objectives such as investment in social capital and capacity building are also increasingly being recognised as key factors in the sustainable development process, Buhrs and Aplin (1999), Walter and Wilkerson, (1998), Scottish Office, (1998).

3.5. Competitive Advantage

This section is a direct extension of section 3.1 and 3.2 and it involves a more detail research into the issues of competitive advantage from a general perspective.

3.5.1 Competitive Strategy Models

How much are University's Model different from corporations?

The basic model in competitive strategy is a combination of concepts adapted from the literature on strategy, Child (1972), Hofer (1975), Porter (1982). The generalised model is based on the premise that certain underlying forces in the environment will give rise to a particular competitive environment (i.e., industry structure-Scherer (1980), Porter (1982).

Figure [3.3]: Competitive advantage-internet Google (2012)

Porter's theories were selected because they have "shaped a generation of academic research and business practice" (Harvard Business Review, (2008). The theories are widely accepted by both academia and by industry leaders worldwide. In the words of the editor of Harvard Business Review, Peter Crowher p 6 " They have started a revolution in the strategy field".

To quote Porter (1985, p.3):"*Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price".*

In accordance with Porter (1985) pp4 the first fundamental determinant of a firm's profitability is industry attractiveness. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine industry attractiveness. These rules are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors.

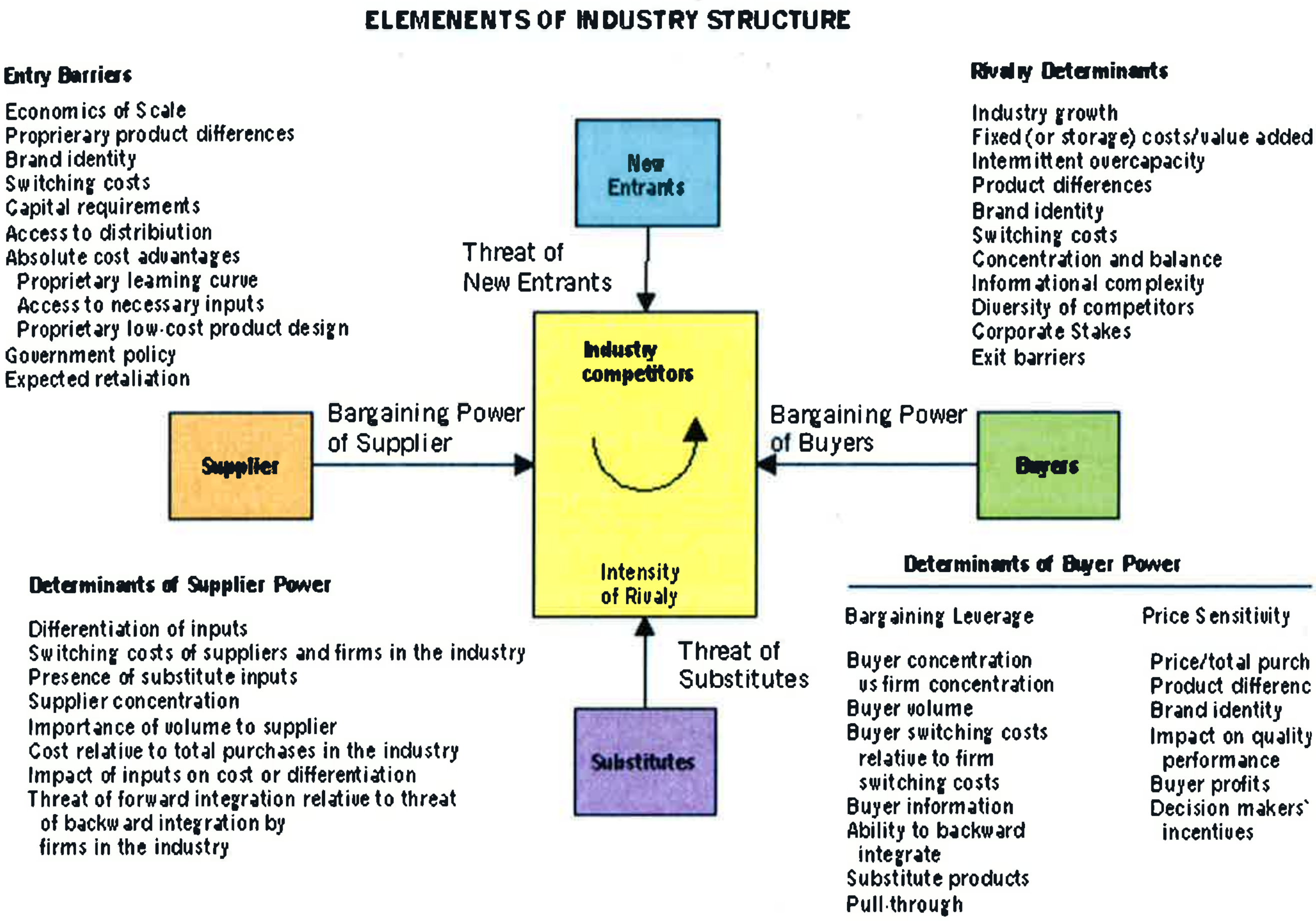


Figure 3.4: The five Competitive Forces that determine Industry Profitability, Porter (1985) pp6

The underlying environmental forces focusing on supply and demand (e.g., raw materials, technology, unionisation, price elasticity, substitutes, etc.) will determine the various dimensions of an industry's structure or competitive environment (e.g., cost structure, barriers to entry, number of barriers and/or sellers, etc.). Competitors within the industry then will choose goals implemented through various programs and projects.

The key issue in competitive strategy is how to compete in a particular industry or product/market segment, Vancil (1976), Hofer (1975) and Schendel, (1978). Competitive advantage can result from: deploying resources effectively, selecting protected market niches, and an effective definition (in terms of breadth) for the product/market, or any combination of these, Hofer (1975) and Schendel, (1978). Porter (1980) identified three broadly-defined generic strategies based on resource deployments and product/market scope: cost leadership, differentiation, and focus.

Table [3.2]: From Competitive Advantage: Creating and Sustaining Superior performance (p.12) by M.E. Porter (1985).

		Competitive Advantage	
		Lower Costs	Differentiation
Competitive Scope	Broad	COST LEADERSHIP	DIFFERENTIATION
	Narrow	COST FOCUS	DIFFERENTIATION FOCUS

Cost leadership and differentiation define the competitive strategy in terms of resource deployments, and focus defines it in terms of product/market scope.

Cost leadership

To pursue a low cost strategy usually requires the firm to seek economy of scale to bring down costs or through proprietary technology or preferential access to raw materials. In the services sector, it would mean low-cost labour and efficient training procedures because of high turnover. Low-cost firms usually sell a standard, no-frills product or service (Porter,1985). The cost leadership strategy is deemed inappropriate for the education industry as highly qualified educationists, up-to-date modern facilities, technology and attractive premises are the standard hallmarks of a quality institution and these make low cost unachievable at best. To provide a standard, no-frills education will be at the expense of marketability. In case of the education it means target low cost which mean low cost education and it is not in line with quality education.

The cost leadership derives mainly from synergy in operations or marketing. Empirical evidence from the higher education industry in Cyprus indicates that cost leadership in the under graduate segment can only be a temporary strategy; other variables such as long term planning, excess capacity, organisational structure, and other key success factors, are considered far more important than cost leadership.

In contrast to the undergraduate segment the postgraduate and professional courses is more levered to cost leadership since the total product has a more diversified customer group. Cost leadership can be achieved mainly in the land acquisition (strategic land) and the Dormitory provision, operations, financing, and marketing. The exclusive position, such as the Neapolis Dormitory, allows the University to offer a better value product whereas synergies in the other logistical operations allow for price reduction. Furthermore the more intensive use of new technologies allows new University to promote their products at a lower cost than before.

Differentiation

In the differentiation strategy, a firm seeks to be unique along some dimensions that are valued by its customers and the attributes chosen must be different from that of rivals. Differentiation can be achieved through the firm's product, the delivery system, the marketing approach as well as a range of other factors. (Porter, 1985). Differentiation by adding value to products and services can provide a more sustainable competitive advantage compared to the cost leadership strategy provided, that is, that competitive advantage is not easily copied by the firm's competitors. One of the key methods for achieving differentiation is through brand loyalty.

Differentiation means that the organisation offers a service which is seen by clients to be distinctive. The weekend MBAs provided by Neapolis University provided something that the market was in need for.

Focus is a strategy where the organisation may decide to focus on a particular segment of the market. For instance some Universities they focus in medical, engineering, tourism management, executive courses, mini-MBAs, professional courses, MBAs, or in any other mix.

The competitive strategy and mix chosen will depend on the nature of the competitive environment (industry structure) and the performance objectives. In this respect managers need to identify the key factors for success in a given competitive environment and select the best competitive strategy to pursue, knowing what factors will be rewarded, Ohmae (1982), Porter (1982). Porter identifies 13 strategic dimensions for the achievement of performance objectives: product/market specialisation, brand identification, push versus pull, channel selection, product quality, technological leadership, vertical integration, cost position, service, price policy, leverage, relationship with parent company, and relationship to home and host government.

Porter's scheme contains many useful classification attributes: mutually exclusive, stable, based on relevant names, based on two or three key characteristics of strategies (scope and types of competitive weapons, general purpose, able to accommodate a hierarchical structure, and timeless.

However because Porter's scheme does not include segment differentiation, Sandberg (1986), found that it could not avoid "excluding or misclassifying the venture that attempts to differentiate other than through a single, industry wide difference.

In addition, Porter's generic strategies are not collectively exhaustive because he excluded stuck-in-the middle strategies and he suggested that such strategies often lead to inferior performance. Dess and Davis (1984) and Sandberg (1986) discovered that excluding such strategies can create identification problems. Also Hall (1983), Dess and Davis (1984), Chrisman (1986), and White (1986) found that some successful firms simultaneously use both cost leadership and differentiation competitive weapons in one or more targeted product/market segments, a point which is supported by Wright (1987).

3. 5.2 Comparison and contrast of generic strategies

In contrast to the growth vector and diversification models the competitive advantage models suggest that competitive advantage should be at the heart of any strategy and that if a firm is to attain competitive advantage it must make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it.

Porter (1985) pp. 25 argues that although many firms, as part of their strategic planning processes, diversify their business units by using a system such as build, hold, or harvest, it is misleading to mistake them for strategies. Build, hold, and harvest are the results of a generic strategy, or recognition of the inability to achieve any generic strategy and hence of the need to harvest. Similarly acquisition and vertical integration are not strategies but means of achieving them. Porter (1985) pp. 26 suggests that these tactics, including the vector growth strategies, could be implemented through a better study of the value chain which he considers to be the basic tool for diagnosing and designing competitive advantage.

The value chain displays total value, and consists of value activities and margin. Value activities are the physically and technologically distinct activities a firm performs.

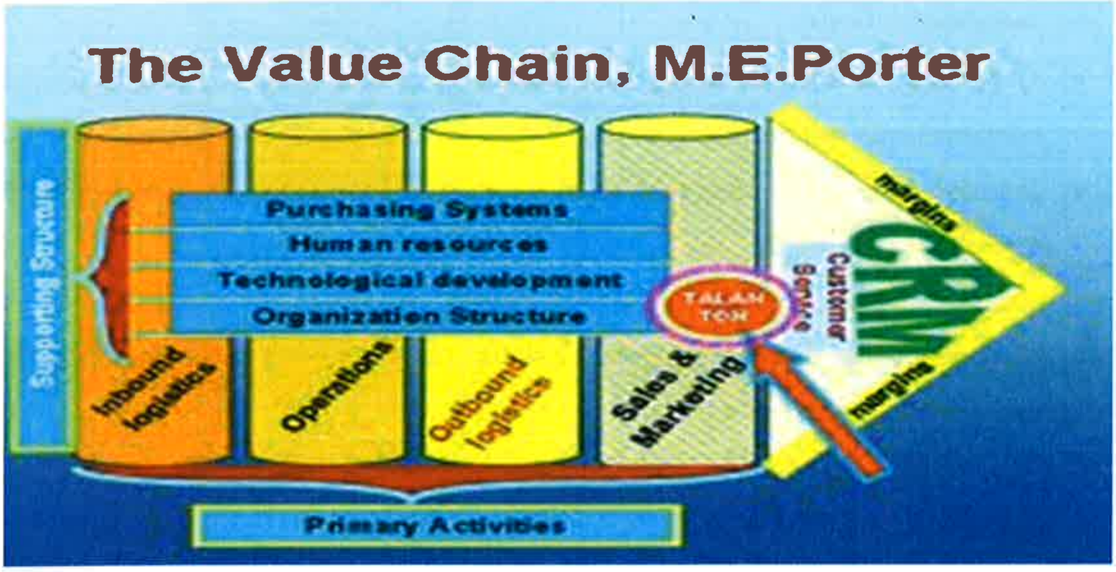


Figure 3.5 Value Chain Analyses-internet Google (2012)

Value activities can be divided into two broad types, primary activities and support activities. There are five generic categories of primary activities involved in competing in any industry: inbound logistics, operations, outbound logistics, marketing and sales, and service. Each of these categories may be vital to competitive advantage depending on the industry.

The support activities involved in competing in any industry can be divided into four generic categories: procurement, technology development, human resource management, and firm infrastructure.

Porter suggests that value activities are related by linkages within the value chain and that linkages can lead to competitive advantage in two ways: optimisation and coordination. Linkages often reflect trade-offs among activities to achieve the same overall result. The ability to coordinate linkages, vertical, buyers' value chain, often reduces cost or enhances differentiation, Porter (1985) pp50-52.

Porter suggests that competitive scope can have a powerful effect on competitive advantage, because it shapes the configuration and economics of the value chain. In accordance with Porter (1985) pp. 53 there are four dimensions of scope that affect the value chain.

- Segment scope. The product varieties produced and buyers served.

- Vertical scope. The extent to which activities are performed in-house instead of by independent firms.
- Geographic scope. The range of regions, countries, or groups of countries in which a firm competes with a coordinated strategy.
- Industry scope. The range of related industries in which the firm competes with a coordinated strategy.

There is no doubt that the above matrix is similar to the growth vector model and which is represented here for an ease of comparison.

Table [3.3]: Ansoff, (1965)

		Product/service	
		Present	New
Markets	Present	Consolidation Market penetration	Product development
	New	Market development	Diversification

In its research on competition, Porter, (1988) pp. 131 has identified four concepts of corporate strategy that have been put into practice of diversification-portfolio management, restructuring, transferring skills, and sharing activities suggesting that each corporate strategy allows the diversified company to create shareholder value in a different way. Porter also suggests that each concept of corporate strategy is not mutually exclusive of those that come before, a potent advantage of the third and fourth concepts. A company can employ a restructuring strategy at the same time it transfers skills or share activities, pp146.

3.6 Customer relationship management (CRM)

3.6.1 Introduction

In this section we would examine the literature related to CRM which is the strategy that would transform the drivers of skills, knowhow, Information Technology, Strategic Alliances, and other distinctive capabilities into competitive advantages. Information Technology, Strategic Alliances and Strategic Management, are very important parts of the value chain and are thus examined and under a separate section of the paper.

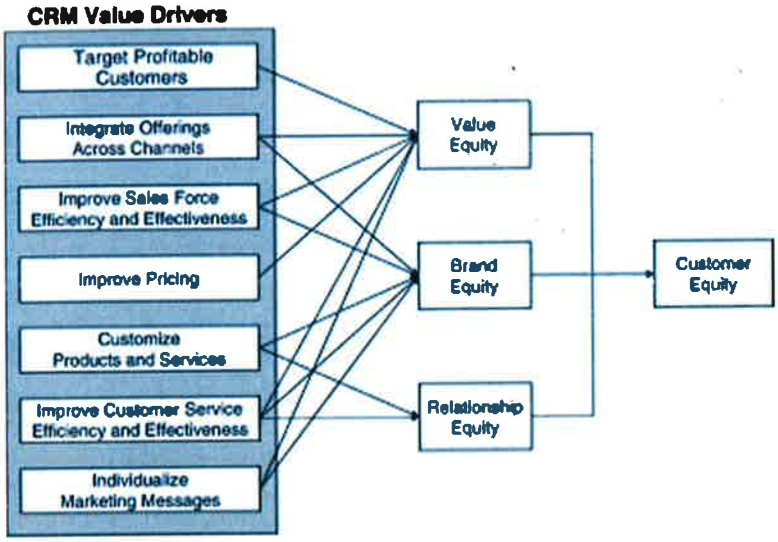


Figure [3.6]: CRM Value Drivers-internet Google (2012)

Business is changing. One of the biggest emerging changes in business today, and the 21st century, is the way firms' link to other firms. To compete in today's world, firms must interact with other companies, not only as buyer and seller, but also as associates, partners, or allies, cooperating to provide a beneficial outcome to each other and to customers, Handfield et al., (2002).

There are three key elements to a successful CRM initiative: people, process and technology. In general is a strategy used to learn more about customers' needs and behaviour in order to develop stronger relationships with them? After all, good customer relationships are at the heart of business success.

CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by information technology, Buttle, (2004) pp39. It is recognised as the ultimate integrated strategy of the future. Strategic CRM is focused on the development of a customer-centric business culture.

However Customer –centricity competes also with the other business logics; which on their own can also, under certain circumstances, yield ideas, competitive advantage, and successful strategies. Kotler, (2000) has identified three other major business orientations: product, production and selling. Product-oriented businesses believe that customers choose products with the best quality, performance, design or features. Production –oriented businesses believe that customers choose low-price products. Consequently they strive to keep operating costs low, and develop low –cost routes to market. Sales-oriented businesses make the assumption that if they invest enough in advertising, selling, public relations and sales promotion, customers will be persuaded to buy.

The focus is on customer value and its linkage with the economic and behaviour systems, as part of a CRM, and the practices associated with delivering superior customer value-relationships, interactivity, lifetime value measurement, and customization , Cron,(2004). It is consider that CRM is the total process that will develop and maintain the 21st Century new relationships between buyers, sellers and the other partners of the Neapolis University value chain.

3.6.2 Relationship Management

The 'R' in CRM stands for 'relationship' and it's of prime importance in the value chain; it is considered to be the lifeblood of the value chain. Some writers see it as a series of dyadic interactions beginning as inter organisational dyads and progressing ultimately to a business to consumer dyad.

3.6.3 Customer value and the value supply chain

Understanding the value chain is the first step in planning the CRM strategy for building profitable relationships. No strategy can have any success unless is tailored to the value chain of the organisation. The mix of strategies and business logic to be used has to be link to the value chain and the lifetime customer value. Managing the lifetime customer/student can make an entire value chain more competitive as it strives against alternative value chains.

Payne et al., (2001) were among the first researches to highlight the relationship between value and the value chain noting three different perspectives in literature: "creating and delivering superior customer value", customer-perceived value, and value of the customer to the firm". Each perspective influences the effectiveness of the value chain however the interplay of the three perspectives is complex. The last perspective, customer value to the firm, has been termed lifetime customer value, and calculating each customer's lifetime value is vital in maximising the long-term benefit to the value and supply chain, Zeithaml et al., (2001).

Within this context the function of the value and supply chain is to build and transport value across the multiple relationships that exist within it. Researches that have investigated the connection between the seller-customer relationship and value, Crosby et al., (1990) emphasised the importance of understanding the components of quality in relationship; leading to new values created as a result of the relationships and which can be shared among the group.

3.6.4 CRM Strategy

In accordance with Buttle, (2004) pp4-10 the new relationships can be identified, developed, maintained , and managed basically at three levels: strategic, operational, and analytical. These strategies can be summarised as follows:

I. **Strategic CRM:** is focused on the development of a customer-centric culture. This culture is dedicated to winning and keeping customers and students by creating and delivering value better than competitors. In a customer-centric culture we would expect resources to be allocated to where they would best enhance customer value, reward systems to promote employee behaviours that enhance customer satisfaction, and customer information to be collected, shared and applied across the business.

II. **Operational CRM:** is focused on the automation of the customer student-facing parts of the businesses; marketing, sales-force, and service, automation.

III. **Analytical CRM**: is concerned with exploiting customer and student data to enhance both customer and company value. Analytical CRM builds on the foundation of customer information. Customer data may be found in enterprise-wide repositories: sales data (purchase history), financial data (payment history, credit score), marketing data (campaign response, loyalty scheme data), service data. To these internal data can be added data from external sources: geo demographic and lifestyle data from business intelligent organisations.

In broader terms the above model would give us the mechanisms to build the new relationships and to enhance value and profitability. Furthermore within these lines the management can draw its own unique strategy by selecting its own targets, values, goals, tools, and relationships. The mix will determine the extent of the success. This can be summarised as the master plan of the total strategy.

3.6.5 CRM Value Chain

In accordance with Buttle (2004) pp40, there are five key steps in the development and implementation of a competitive CRM strategy; In brief these steps are summarised as follows:

I. **Customer portfolio analysis:** this involves analysis of the actual and potential customer base to identify which customers you want to serve in the future.

II. **Customer intimacy:** you will get to know the identity, profile, history, requirements, expectations and preferences of the customers that you have chosen to serve.

III. **Network development:** you will identify, brief and manage relationships with your company's network members. The network can include external members such as suppliers, partners and owners/investors, as well as employees.

IV. **Value proposition development:** this involves identifying sources of value for customers and creating a proposition and experience that meet their requirements, expectations and preferences.

V. **Manage the customer lifecycle:** requires attention to both process and structure. Process refers to how the company will go about the processes of customer acquisition, customer retention and customer development? Structure refers to how the company will organise itself to manage customer relationships?

3.6.6 CRM value chain supporting conditions

Each of the five primary stages of the CRM value chain is influenced mainly by four conditions that support the development and implementation of the CRM strategy. These are:

- leadership and culture
- data and information technology (IT)
- people
- processes

Management should identify the critical factors, within each of the above conditions, their link to the business logic, and should attempt to improve performance and profitability.

If these conditions are not supportive of the CRM strategy then its implementation is less likely to succeed. In general terms the factors that need to be considered are summarised as follows:

Leadership and culture: Leadership is needed to set out whether a customer (market) orientation, sales, product or production orientation will guide the company to the future. Research suggests that individual leaders make a difference to organisational performance, Thomas (1988), therefore is important to integrate leadership in the implementation of this business logic.

The mission, vision and values of an organisation will be derived from, or be reflected in, the adopted business orientation. Leadership is needed at a high level because CRM projects are cross-functional. They may involve the full complement of IT, marketing, sales, service, operations and finance departments. Within this respect Customer relationship management may require far-reaching changes to the company's culture, processes, resources, organisational structure, technology, objectives and measurements, and its people skill base. This is basically and the reason why many such strategies fail since CRM strategy is viewed as a standalone process.

Research suggests that a customer's experience of doing business with a company is influenced by a number of factors, including the company's products, services, processes, communications, reputation and people, Frost Rowley model , Buttle (2004) pp45.. Therefore maintaining and developing healthy organisational culture and behaviour is imperative.

Data and information systems: the definition of CRM stresses the importance of high-quality customer data. Acquiring, storing, enhancing, maintaining, distributing and using customer information are critical elements of CRM strategies. It is worth noting that the data requirements of a CRM strategy are determined by the decisions made and the activities undertaken in the five stages of the CRM value chain.

An article by Kim et al., (2002) suggests that the introduction and utilisation of information systems can have a direct influence on value creation, by integrating a firm's supply chain, and if utilised properly can lead to higher quality products, enhanced productivity, efficient machine utilisation, reduced space and, ultimately, increased logistics efficiency and flexibility ,Gross (1984), Kaltwasser (1990) . Kim also makes reference to work by Porter and Miller (1985) who argue that the utilisation of information technology has a significant influence on the relationships among value chain activities as well as on the physical aspects of individual value chain activities, in creating and maintaining the competitiveness of a company.

People: are the third supporting condition for successful CRM implementation and many believe that people are the most important element in the performance of a CRM strategy because the people are involved in the whole process of CRM, and ,making all the decisions; including the ones relating to the other conditions. The people's skills, knowledge and attitudes required for successful CRM performance may need review and upgrading from time to time and these will vary according to the level of CRM implementation: strategic, operational or analytical.

Processes: Is the fourth and final supporting condition of CRM delivery and from a CRM perspective, processes needed to be designed and operated so that they contribute to the creation of value. This implies both efficiency (low cost) and effectiveness (delivers the desired outcomes). Processes can be divided into several categories: vertical and horizontal; front-office and back-office; primary and secondary.

Strategic CRM should aim to build an organisation that is designed to create and deliver customer value consistently better than competitors. It is important to identify the key processes from a CRM perspective and to design these processes so that they contribute to the CRM objectives. These objectives may include customer satisfaction, customer retention, reduced costs-to-serve, product ownership per customer, marketing campaign effectiveness and sales-force efficiency.

3.6.7 CRM in PHEI's

Educational institutions worldwide are undergoing fundamental shifts in how they operate and interact with their "customers" (students, Alumni, faculty and staff members). Kotler and Fox(1995) argue that "the best organization in the world will be ineffective if the focus on "customers" is lost. Higher education customers are demanding more attention and immediate service.

CRM takes a very customer-centric view of the entire customer life cycle, which means that a CRM business strategy places the customer at the centre of the organization's universe. From the perspective of the college or university, CRM business strategy provides a clear and complete picture of each individual and all the activities pertaining to the individual.

3.6.8 Impact of CRM on the Higher education enterprise

Emerging CRM processes and technologies will drive the growth of new types of resources and services. Within the higher education enterprise, much of this new functionality will be focused in the student area. This exciting new level of student-related functionality and performance will have an impact on students, and the institution as a whole. How students, administrators, faculty members are affected by CRM?

Students:

Today's students demand a higher level of access to information about their options, their performance and their future. They also demand that technology resources be an integral part of their learning experience.

Administrators:

A CRM business strategy for a collage's or university administrative system should also introduce a true self-service system that empowers the administrative team to rethink the investment of administrative resources in institutional services.

Faculty members:

Today's systems provide little value for faculty members. In many institutions there is a complete disconnecting between student services and instructional programs. The disconnect is often mirrored in the rift administrative and academic computing. In the new learning environment, faculty and student services are closely linked, dynamically sharing resources and strategies to enable student learning

3.7. A Vision of Learning Transformed By Information Technology

In this section we explore the impact that Information Technology has and is expected to have on Learning, receivers and participators, providers, and other stakeholders. While we hear that many institutions have a brand and competitive advantage despite that they continue to use blackboards and chokes the paper feels that that century is gone and that the new revolution in Learning, and the way we leave, is based on systems and models centred on Information Technology.

3.7.1 Introduction

Any individual can participate in online education programs regardless of geographic location, age, physical limitation, or personal schedule. Everyone can access repositories of educational materials, easily recalling past lessons, updating skills, or selecting from among different teaching methods in order to discover the most effective ways of learning. Educational programs can be customized to each individual's needs, so that the information revolution reaches everyone and personal digital libraries provide a mechanism for managing one's accumulated knowledge resources.

An extract from:

Information Technology Research: Investing in Our Future Report to the President, February 1999 President's Information Technology Advisory Committee

Figure [3.7] Information Technology-internet Google (2012)

The President's Information Technology Advisory Committee described these technical challenges in "Information Technology Research: Investing in Our Future," its 1999 report to the President, saying:

"Information technology is already changing how we teach, learn, and conduct research, but important research challenges in the field of education remain. In addition to research to meet the scalability and reliability requirements for information infrastructure, improvements are needed in the software technologies to enable development of educational material quickly and easily and to support their modification and maintenance. We know too little about the best ways to use computing and communications technology for effective teaching and learning, in particular, how to use multimedia capabilities to create a richer and more appealing learning experience. We need to better understand what aspects of learning can be effectively facilitated by technology and which aspects require traditional classroom interactions with the accompanying social and interactive contexts. We also need to determine the best ways to teach our citizens the powers and limitations of the new technologies and how to use these technologies effectively in their personal and professional lives."

3.7.2 Importance of Information Technology

One of our most important national goals is education and training of all citizens throughout their lives. Information technology promises to play a significant role in empowering teachers and learners.

Improving the reach and effectiveness of education and training are critical to the solution of many societal problems. This is what makes addressing education and training issues so vital for the Nation.

Figure [3.8]: Learning Management System-internet Google (2012)

Although many people have recognized that information technologies can be used to facilitate education and training, there is a huge gap between the potential of using information technologies for that purpose and the accomplishments. Information technology accomplishments in education and training lag those in other areas, whether in research, commerce, or communications. It is hard to find another application area of information technology where the promise to-performance gap is wider, and some assert the gap is widening. The barriers that continue to prevent the realization of the promise must be addressed by large-scale, aggressively managed methodological and technological research and development as well as increased opportunities for teacher education.

3.7.3 Intellectual advantage

Information technology used both within classroom settings with well-educated and motivated teachers and by individuals, can provide access to world-class facilities and experiences. It has the potential for simultaneously providing many of the benefits of one-on one tutoring and group interactions. Information technology provides intellectual advantage much an industrial machines provide mechanical advantage.

One striking advantage of technology-enhanced education and training, already being realized in the research world, is that online students can have access to distant world-class facilities such a telescopes, electron microscopes, undersea laboratories, and university and government libraries. Access can be provided to real devices or simulated ones, as appropriate for cost, flexibility, or safety reasons.

3.7.4 Teacher's role as lecture/mentor

The role of the teacher is changing and will continue to change, but current teacher education and training in the methods of using technology and its potential are insufficient.

Some of the most successful teachers use information technology in concert with a shift in the teacher's role from lecturer to mentor of student learning through inquiry. The main idea is to encourage students to learn by finding information about assigned subjects and to encourage them to piece together the information in some well-structured way that can be reported and discussed with the class. In this way, the student actively constructs an ordered view of the information in his or her mind that tends to be remembered and understood better than information absorbed through passive listening.

The teacher's role here is to structure the sequence of assignments, help the student find and understand the information, help the student piece the information together, perhaps establishing a larger context, promote discussion, evaluate results, and redirect as needed. In some cases, teachers have built Web sites for students to explore, often with links to outside materials. Such student inquiries are often conducted in collaborative groups. The learning skills developed by these students form a basis for independent lifelong learning

3.7.5 Transformation in education and training

Today's Web and computer technologies make possible a good start on exciting new hypermedia-based educational content, but the best may be yet to come. Limitations in technology and our inexperience in taking advantage of what is essentially a new medium have led to content that is largely evolutionary, a revamping of existing materials and traditional means of delivery. Thus we find, for example, streaming video of classroom lectures, perhaps embedded in a Web context of indices and supporting materials, replacing or supplementing live lectures and textbooks, and online chat between learners and instructors replacing or supplementing classroom interaction. While useful and likely to be profitable for the schools, start-up companies, and university projects delivering such materials, these are near-term and transitional means for e-learning. Expected improvements in technology hold the promise of dramatic, paradigm-shifting ways of making far more ambitious content available and having new forms of communication and collaboration between learners and instructors that may make today's practices obsolete. The goal is to combine the best of human and machine teaching and mentoring capabilities while providing access to capabilities not available locally, not to eliminate the human element.

Content will be available not just on desktops but on wireless devices using many different form factors, including cheap, non-obtrusive virtual reality displays that will provide a revolutionary sense of immersion and presence. But these new, richly expressive forms of content cannot be created without significant, sustained basic and applied research in learning science and technology.

3.7.6 Critical barriers

Grassroots applications of current Web-based technologies are occurring in many educational and training contexts, but there are critical barriers to more rapid dissemination of existing beneficial technologies and materials. These barriers include insufficient teacher preparation for appropriate uses of information technology, absence of adequate educational performance metrics, the expense of developing materials, lack of standard, application-level infrastructures, and lack of knowledge about research-documented effective strategies.

Individuals and research groups have been producing stand-alone, online educational materials for many years. The common approach to industrial training materials is custom-built courseware designed to run on a specific platform for a specific audience. The advent of the World Wide Web has sparked the creation of Web-based materials in the industrial arena and in educational environments. This shows that creative and exploratory desires exist and that leading-edge teachers see the possibilities. However, these efforts remain disconnected, sporadic, custom-built, and largely unevaluated.

Inadequate technology infrastructures cause multiple problems: duplicative content development for multiple platforms, lack of interoperability among learning modules, lack of data sharing among systems, difficulty in locating existing materials, issues of unreliable quality of service, absence of a convenient way to charge for use of materials, and a disincentive to develop and publish materials a small amount at a time.

Another barrier is the cost of entry for new materials. Education and training content development is hard and expensive. It is not unusual to spend 100-200 hours developing one hour's worth of interactive materials; simulations are even more costly. And any materials that incorporate sophisticated media, such as video, inherit the costs of media production. Tools to decrease these levels of effort are desperately needed.

Even though there is widespread experimentation with existing and emerging educational technologies, there is very little dependable information on what works, in what circumstances, and why. The efficacy of computer-aided and distance learning in a training environment has been studied. But we need far more analytical and empirical explanation for successes and failures

3. 7.7 Partnership potentials

The breadth and scale of the needed research effort and the necessity for learning technology innovation and diffusion requires unprecedented partnerships among government, industry, foundations, universities, and schools.

3.8. Strategic Alliances

3.8.1 Introduction

Powerful International drivers of change are forcing universities to consider new strategic choices. Strategic alliances are the response to a hardened international competitive climate. A new approach is needed to the positioning of universities in the future and to the way in which reaching, research and modes of cooperation are structured.

The forces behind this development are well known. Competition is on the increase – for students, staff and resources (Clark 1998, Florida 2002, Trow 1996). Moreover, this tendency is increasingly international as well (Castells 1996, 1997, 1998). In Europe, the processes of Bologna and Lisbon combined with the creation of a European research council and European technology platforms are all signs of the on-going changes and they will most likely strengthen the trend towards collaboration and differentiation.

Yet we do not have much knowledge about the process of alliance formation between universities. However such alliances need well organized collaboration: for example what structural factors motivate an alliance and what results are south for though an alliance. What risks are associated with an alliance and what planning, organizing and implementing an alliance should one pay attention?

Strictly speaking, the major reason behind alliances is to collaborate in order to deliver more efficient education and research programmes , especially in terms of what is offered to international students to researches and global corporations .In general some of the reasons why such collaborations have been in existence are: Student exchanges between universities , alliances supports and encourages business operations and technology transfer through range of services ,develop competitive master programmes in line with the universities' internationalization policy and also the most important is for expansion. A single university does not need to be large if it is surrounded by other universities, institutes, research companies and innovative environment in general. In the right environment even small players can make a difference. In general, strong research environments have far greater potential than weak ones to attract investments of the type that can promote growth in a knowledge-based society

Cyprus drive for globalizing its higher education reflects our recognition that education can promote social and economic development as well as invariably accelerates the adoption of performance enhancing, or best practices. This is proven when Cyprus is currently striving towards becoming a state of knowledge-based economy (K-economy) through intensifying its effort to upgrade and sustain human resource development by encouraging firms to ally with international organizations and focus on improving training and development.

3.8.2 Motivation of Strategic Alliances

According to Vyas, Shelburn & Rogers(1995) strategic alliance occurs between two or more corporations located inside an industry, or different industries to expand distribution networks, induce synergy, reduce costs and expenses, disperse risks and secure raw materials through the introduction of new technologies.

Another theory on the strategic motives of strategic alliance was proposed by Lorange and Roos (1992). They divided the motives for strategic alliances into the following categories: (1) defensive type, (2) maintenance type, (3) pursuing type, (4) restructuring type.

Table [3.4]: Motives and Objectives of Strategic Alliances by industrial Development Stages

	Motives	**Objectives**
	-Enter into foreign markets	-Share excessive cost of market entry
Mature industry	-Accelerate technological innovations	-Maintaining existing technologies
	-Improve productivity	-Hold competitive position
	-Stem the market entry of new competitors	-Acquire technologies required for creating value added
	-Disperse risks	-Secure learning time
Growing industry	-Build footholds for competition	-Overcome functional restrictions
	-Acquire major managerial resources	-Improve management capability
	-Build core infrastructure	-Educate new consumers
	-Legally introduce new products	-Overcome unstable management environment
	-Access to markets	-Secure monopolistic position

Source: Jung-Ho Pyo, "A study on Strategic Alliances among IT Operators," 1996,

Table [3.5]: Strategic Motives of Strategic Alliances

		Position in Market	
		Leading firm	Pursuing firm
Importance of Business	Main Business	Defensive	Pursuing
	Secondary Business	Maintenance	Restructuring

Source: Peter Lorange and Johan Roos,"Strategic Alliance: Formulation, Implementation and Evolution,'' Backwell, 1992.

In general, strategic alliance has been made to expand existing markets, cope with competitors, overcome barriers to market entry, acquire complimentary technologies, share resources and risks, and secure the flexibility of organizational structure.

The reason behind alliances is to collaborate in order to deliver more efficient education and research programmes, especially in terms of what is offered to international students, top researchers and global corporations.

3.9. Strategic Planning

Strategic planning is a relative newcomer to higher education management. Most of the literature on strategic planning concentrated on the military, national-international statesmanship, and the corporate world until the past thirty years or so.

During the 1960s through the mid-1970s, a boom period for strategic planning in the for profit sector, higher education was essentially a growth industry that enjoyed considerable public confidence. To the extent that planning was relevant to higher education, it was generally about expansion and new facilities.

From about the mid-1970s through the mid-1980s, higher education experienced a combination of challenging demographic, economic, and technological changes. Higher education costs consistently outpaced inflation. Public support weakened. And ideas about planning changed.

Higher education's conception of strategic planning in the 1980s emphasized its use as a rational tool for orderly, systematic management – as a "disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it" (Bryson 1988, p. 4). Planning at that time was about notions such as strategic niche, competitive position, shareholder values, SWOT analyses, and core competencies.

From the 1980s and into the early 1990s, the visibility of planning in higher education continued to increase. Keller's 1983 book was named the most influential higher education book of the decade by both the New York Times and Change magazine.

Through the 1980s and 1990s, just as planning was becoming more widely adopted by colleges and universities, critical analyses of planning in general and in higher education in particular were mounting. Strategic planning initiatives were disparaged for being too linear, for relying too heavily on available hard information, for creating elaborate paperwork mills, for being too formalized and structured, for ignoring organizational context and culture, and for discouraging creative, positive change. Four noteworthy observers along these lines were Henry Mintzberg, Tom Peters, Frank Schmidtlein, and Robert Birnbaum.

Henry Mintzberg (1994) made perhaps the most compelling scholarly argument. He solidly researched 1994 landmark book presented considerable evidence that business had an often counterproductive love affair with planning from the 1960s through the 1980s With a lighter touch, Tom Peters (1994) made basically the same points about strategic planning and other management trends such as TQM, reengineering, and the learning organization – what Peters called "death by a thousand initiatives." Examples of companies that had negative experiences with large-scale, formal planning operations during that period included General Electric, Texas Instruments, General Motors, and IBM – each of which, in various ways, were hobbled by "lead boots" and "paperwork mills" that hurt innovation and responsiveness.

By contrast, a number of corporate success stories – including Wal-Mart, Nike, Microsoft, Dell, Honda, the Gap, Southwest Airlines, and 3M – found notable success through approaches that were much less rational, structured, and rigid. Robert Birnbaum (2000) focused in particular on higher education's adoption of management "fads," among which he included strategic planning and total quality management. Frank Schmidtlein has, in a number of publications over the past 20 years, assessed the effectiveness of formal planning practices (Schmidtlein 1990; Schmidtlein & Milton 1990); while his perspective has on balance been less negative than, for example, Birnbaum's, it has nonetheless been fairly critical.

Regardless of academic disagreement about the merits of planning – or even about different conceptions of what constitutes strategic planning – by the late 1990s, planning had in many respects become mainstreamed in higher education. Certainly, accreditor had come to believe that strategic planning represented basic good practice. For example, the 1998 Council for Higher Education Accreditation's Recognition Standards defined an expectation for "evidence of policies and procedures that stress planning and implementing strategies for change" (CHEA 2002).

By 2001, the Society for College and University Planning had 4,200 members. While SCUP continues to address facilities planning, its conferences and publications now encompass the full range of academic planning considerations: governance, budgeting, student assessment, faculty workload, market segmentation, endowment management, and so on.

A January 2002 survey of the twelve CIC universities (the Committee on Institutional Cooperation is the academic consortium of universities more often referred to as the Big Ten, plus the University of Chicago) found that all of these institutions have some formal structures and/or processes for addressing planning. For example, of these twelve research universities (Penn State 2002a):

- ten publish university-wide strategic plans;
- ten have systematic central reviews of unit-level plans;
- ten link planning directly to the university budget process;
- eight use a representative university-wide planning and budgeting committee;
- eight compile university-wide strategic performance indicators.

By the latter half of the 1990s and into the 21st century, higher education planning had moved beyond a focus on niche and competitiveness to encompass ideas such as reengineering, business transformation, and continuous quality improvement. Without necessarily discarding familiar strategic planning tools, college and university leaders have clearly become more sophisticated about how they define planning, and in their perceptions of the limits of cookie-cutter planning methodologies, Rowley and Sherman (2001). As suggested by Keller (1999-2000), strategic planning is now increasingly about organizational learning and creativity, with the recognition that college and university leaders need to challenge assumptions and considers radically changing existing structures and processes. Relatively recent conceptions of strategic planning focus more than earlier approaches on dynamism, the future, flexibility, organizational intelligence, and creativity, and about actually moving from strategy to transformation:

• "(It's) about synthesis… intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise." (Mintzberg 1994)

• "The heart of strategic thinking is the creation of a set of initiatives… to maintain stability or win a new position amid a blizzard of discontinuities, unprecedented threats, and surprising changes." (Keller 1997)

• "Planning is a sophisticated form of social discourse – a social process." (Woo 1998)

Along with an emphasis on creativity and change, the more recent planning literature highlights the pragmatic challenges of actually implementing creative ideas. As Rowley and Sherman (2001, p. 317) noted: *"Strategic planning isn't just about learning about the environment."* Planning must also be about putting that learning into play by making change happen.

3.10. Talent Management

3.10.1 Introduction

Gay and Sims(2006) defined talent management as " facilitating the development and career progress of highly talented and skilled individuals in the organization, using formalized procedures, resources, policies and processes. The talent management process focuses on developing employees and leaders for the future of the organization".

But what are the real consequences of absence of developing Talent Management at Universities? Why Talent Management is essential in Higher Education?

Administrations in higher education can truly benefit from achievements that talent management has had on organizations within other industries. Despite the notion of wanting to be different from —the business world, institutions must realize growing talent from within can be of considerable benefit, especially given the current economic climate, increasingly competitive environment for human capital, and the ongoing need of being accountable to its constituents. Clunies (2007) acknowledged that innovative colleges and universities are examining the value of talent development as a cost effective process to the transitioning of power and authority.

Colleges and universities, now more than ever, need to ensure the right person is serving in the appropriate position (Heuer, 2003). Collins (2001) stated, "first get the right people on the bus, the wrong people off the bus, and the right people in the right seats "then figure out where to drive it". (p. 41). Demonstrating this type of stability in talent provides confidence to both internal and external stakeholders (Marsh, 2008). Colleges and universities that accept the challenge to build talent from within to meet impending leadership requirements will certainly gain an advantage on peer institutions in this competitive climate (Mackey, 2008).

3.10.2 Results of the implementation of Talent management strategies

Currently there is a lack of talent management activity in higher education. It is ironic that the higher education environment that prides itself on continuous learning and forward thinking spends very little time and effort identifying its future leaders. Clunies (2007) stated, —Higher education has historically been slow to adopt many corporate management processes. If shareholders are asking presidents and Chief Executive Officers (CEOs) of private corporations to implement formal talent development strategies to help ensure a prosperous future, why isn't the same being asked of the leaders in higher education from its trustees or regents?

3.11. Accreditation

3. 11.1 The concept of Accreditation

"Accreditation" is the approval for the inclusion of an institution or programme of study in a list of accredited institutions or accredited programmes of study as a result of an enactment and formally recognizes that, the institution or programme has met certain predetermined minimal criteria or standards.

3.11.2 Accreditation in Cyprus

The competent authority in the Republic of Cyprus for carrying out programmatic evaluation and accreditation of the Private Institutions of Higher Education is the Council of Educational Evaluation–Accreditation (C.E.E.A).

The CEEA is an independent body, appointed by the Council of Ministers upon the recommendation of the Minister of Education and Culture. The Council consists of the Chairman and six members. At least five members must be university professors. The tenure of office of the Council is 5 years and can be renewed only once.

The decision for the educational evaluation-accreditation of a programme of study is taken by a majority vote. The accreditation of a programme for the first time is valid for four years and after has to be submitted for re-valuation. This new re-accreditation is valid for ten years

3.11.3 Main criteria regulating evaluation-accreditation procedure in Cyprus

Main Criteria regulating Evaluation-Accreditation Procedure in Cyprus are in general the: Mission and objectives of the educational institution, Curriculum of the programmes of study, Faculty and Staff, Infrastructure and Resources (buildings, laboratories, equipment etc.), Administration, Financial resources and other critical areas.

3.11.4 Purpose of Evaluation

The purpose of Evaluation is threefold:

- In general to build confidence and trust among local and foreign students concerning the quality of the offered programmes. It ensures students and parents that the business school is providing a top-quality education. It also provide many benefits to the faculty and staff at its accredited schools by attracting higher quality students , providing greater research opportunities and allowing for global recognition
- To establish the minimum possible criteria to be fulfilled for the award of an accredited degree from the Cyprus Government.
- To provide a basis of comparison with degree titles granted from foreign Institutions of Higher Education.

Standards and Guidelines for Quality Assurance in the European Higher education are the European standards for quality assurance are in three parts covering internal quality assurance of higher education, external quality assurance of higher education and quality assurance of external quality assurance agencies internal quality assurance within higher education institutions

Based on European standards and guidelines for internal quality assurance within higher education institutions, an institution should commit itself explicitly to the development of a culture which recognizes the importance of quality, and quality assurance, in their work. To achieve this, institutions should develop and implement a strategy for the continuous enhancement of quality.

In addition institutions should have formal mechanisms for the approval, periodic review and monitoring of their programmes and awards. Students should be assessed using published criteria and teaching staff are qualified and competent to do so. It is very important to ensure that the resources available for student learning are adequate and appropriate for each program offered. Information systems should help institutions to collect, analyse and use relevant information for the effective management of their programmes of study and other activities. Finally institutions should publish up to date about the programmes and awards they are offering.

3.11.5 External quality assurance of higher education

External quality assurance procedures should take into account the effectiveness of the internal quality assurance processes. Any formal decisions should be based on explicit published criteria that are applied consistently. Reports should be published and follow-up procedures should be implemented consistently.

3.11.6 External quality assurance agencies

Agencies should be formally recognised by competent public authorities in the European higher education area as agencies with responsibilities for external quality assurance and should have an established legal basis. They should comply with any requirements of the legislative jurisdictions within which they operate. They should also have adequate and proportional resources and clear and explicit goals and objectives for their work. They should be also independent to the extent both that they have autonomous responsibility for their operations.

All over the world there is an increasing interest in quality and standards, reflecting both the rapid growth of higher education and its cost to the public and private purse. Accordingly, if Europe is to achieve its aspiration to be the most dynamic and knowledge –based economy in the world (The European Union’s Lisbon Strategy), then European higher education will need to demonstrate that it takes the quality of its programmes and awards seriously and is willing to put into place the means of assuring and demonstrating that quality.

3.11.7 Financially Sustainable Universities

The University should identify the real costs of their activities. The quality of database and information systems influences the time, effort and investment needed for the implementation of full costing.

Autonomy: One of the conditions that underpin the implementation of full costing and in general more autonomous universities are better able to attract funds from different sources and more international funding.

Accountability: Full costing is one of the key pillars of accountability: universities can prove to funders, students, taxpayers and society at large what their money is spent on.

Financial sustainability can be obtained by promoting long term growth. Education and Research are two pillars to build on. Research, Innovation, Technological Development is a chain that has significance for countries with a vision to become knowledge economies. Technologically developed countries undoubtedly have a competitive advantage.

3.12 Intellectual Capital

3.12.1 Introduction

In order to achieve sustainable competitive advantage, today's knowledge-based organizations have to measure and report their intellectual capital.

Intellectual capital is the source of intangible assets that often is not reflected in the balance sheet (Eduinson, 1997). Intellectual capital refers to the all available knowledge assets in an organization through which it can assure its permanent activity as well as gaining a competitive advantage (Anderson, 2004). Intellectual capital includes three elements: human capital, structural capital and relational capital. Each one is described briefly below:

3.12.2 Human Capital:

Human capital represents the stock of staff knowledge in an organization (Benetis et.al., 2002). Human capital forms the foundation of intellectual capital and without that, intellectual capital cannot be implemented (Chen et.al., 2004). Because human capital belongs to the organization staff, it can be claimed that this type of capital is not owned by the organization and therefore, with the departure of employees from organizations, this capital also is taken out from the organizations. Thus, organizations seek to prevent capital outflow by converting it to other kinds of capital (Rus et.al.).

3.12.3 Structural (Organizational Capital):

Rus et.al., (1997) believe that structural capital refers to whatever remains in the organization when employees leave there. According to them, structural capital covers organizational capital such as: intellectual capital, cultural capital, innovation, processes, and it also includes innovation and expansion of capital like: taking out a patent on products and training efforts. This capital is owned by the organization and although through supporting human capital, creates a good ground for better performance on the part of employees.

3.12.4 Customer Capital (Relational):

Customer capital means the appropriate use of market information in order to attract and retain customers. In fact, this type of investment includes internal and external environment of an organization, and also the organization relationships with customers, competitors, suppliers, trade associations and government (Benetis, 2004).Customer satisfaction, their loyalty, marketing capabilities, the market severities, the ease of funding, etc. can be included in communication capital. Thus, growth of customer capital depends on the way human capital and structural capital is supported (Chen et. al., 2004).

Chapter 4: Collection of Evidence

This chapter deals with actual details of evidence collection, the method used and the evidence collected.

4.1 Introduction

The questionnaire and the interview study are the main tools used in this research for primary evidence collection. It is used self and interviewer administered questionnaires and they have been carried out by online, postal, email, and hardcopy surveys, Saunders et. al., (2003); Sekaran, (2000). Primary evidences were also collected through structured interviews.

Furthermore desk research has been used in the reviewing of the reports and articles relating to valuation standards, models and practices. Desk research has been used to collect secondary data and this involved the use of the web search engines, online libraries, books, journals, articles, and published reports.

4.2 Strategy in Data Collection

The main objective was to collect only the relevant data necessary for answering this research question and objectives, a task not very simple, considering the limitations of testing an area which is currently under considerable debate and development. This strategy involved a survey, exploratory, descriptive and explanatory studies, approach study of data, testing data over time, and in correlation with other variables.

4.3 Secondary data collection

4.3.1 Selection criteria

Stewart and Kamins (1993) argue that good quality secondary data provides substantial advantage compared with primary data but however they emphasise a range of validity and reliability criteria, Kervin (1999); Jacob, (1994); Denscombe, (1998). The advantages and disadvantages of using secondary data have been summarised in table [2.2].

4.3.2 Secondary data collected

Literature review

This is the theoretical body of this work and it is covered in chapter 3. The secondary data that supports the literature review relates to books, articles, journals, and reports and is included in the reference section.

4.3.3 Method of Collection

Books, the NUP university library, and the internet were the main engines for collecting the data. Although in terms of size the internet surpasses in volume the data which can had access through books and manuals on terms of quality the books were indispensable since they are normally based on an extensive research with valuable cited references and data.

Books: The research used a number of books , particularly in exploring the investment and the competitive advantage and in general in setting up the framework of this research literature.

Internet: The internet engine has been utilised to gain access to a number of libraries either direct or through NUP. The engines used and the libraries accessed are summarised below:

Table [4.1]: Internet engines

	Name	Internet address	Comment
	Google	http://www.google.com/	Searches the web
	Yahoo	http://www.yahoo.com/	Searches the web
	Alta Vista	http://www.altavista.com/	Searches the web
	Lycos	http://www.lycos.com/	Searches the web

It has been used the above search engines, by using their specialised search capabilities of the Boolean logic, to look for data relating to this project. This is certainly not an easy process since on many occasions the data was inappropriate or unreliable. However the net is indispensable particularly for overseas researches.

On-line libraries: Most of the valuable articles were found in the online libraries, for which access had through the use of the NUP membership.

Table [4.2]: On-line libraries

	Name	Internet address	Comment
	JSTOR	http://www.jstor.org/	Journals on finance
	Blackwell-Synergy	p://www.blackwell-synergy.com/	journals on investment
	Elsevier	http://www.elsevier.com	ournals on economic review
	The Institute for Fiscal studies	http://www.ifs.org.uk/	ırveys-reports on fiscal policy
	Ingenta	http://www.ingenta.com/	journals-articles
	Emerald	http://www.emeraldinsight.com	journals-articles

4.4 Collecting Primary Data

4.4.1Questionnaire

A questionnaire is a general term that includes all techniques of data collection where each person is asked to respond to the same set of questions in a predetermined order DeVaus, (2002), Malhotra and Birks (2003). The questionnaire was used , in addition to the interview, as the main process of collecting primary evidence since questionnaires are the most appropriate method used in survey research, Saunders et al., (2003), pp280.

Type of questionnaires

This research has used two types of questionnaires, namely self-administered and interviewer administered, Saunders et al., (2003). The self-administered questionnaire was completed by the respondent and then delivered back to us (delivery and collection questionnaire). This has been carried out by online surveys, postal survey, email survey or hardcopy survey ,Saunders et al., (2003); Sekaran, (2000). The interviewer administered questionnaire (used as a base for the interviews) on the other hand was data recorded on the basis of the respondent's answers, Saunders et al., (2003).

Design of questionnaire

The design of the questionnaire affects the response rate and validity of the data to be collected, Saunders et al., (2003), therefore it was essential that there is: (i) a careful design of the questions, Denscombe (1998) (ii) clear layout of the questionnaire form, (iii) adequate explanation of the purpose of the questionnaire, (iv) pilot testing and (v) careful planned and executed administration, Saunders et al., (2003), pp 281, Bell (1999), Oppenheim, (2000). Details of the questionnaire layout are included in Appendix A: section A.

Interviews

In the Structured interviews it has been used as a base the questionnaire pack. The questions have been read and the response rate has been recorded while also interacting on possible personal experiences or feelings about the particular area of the questionnaire.

The unstructured interviews, including a group interview, were informal and have been used to explore in depth a general area regarding the environment that Universities operate and their business model. There was no predetermined list and this research invited the interviewees to freely express themselves regarding the general aspects of the research topic.

Chapter 5: Analysis and Presentation of Evidence

This section deals with the presentation of the data collected in a summary form and it is set out in two main sections: (i) secondary data and (ii) primary data. The related tables indicated below are also listed in the appendix A and B. The results of both sections are presented in this chapter and as follows:

5.1 Secondary data
5.2 Primary data

5.1 Secondary data

In chapter 3 have been examined the variables that are needed to be incorporated with the University Business Model. The key findings of the literature review that can be used to test and support those variables and the issues of the hypothesis and the research questions are summarised in section 6.1.1, the literature review test of the hypothesis.

While it was found substantial authoritative work around the variables considered to be important in designing the University Business Model the literature reviewed indicates that it mostly relates to State owned PHEIs which are currently at the stage of changing their philosophy and strategy to a business oriented models. Despite that, the data researched is very applicable and to Universities.

5.2 Primary data

In this section we present the findings from the analysis of the questionnaires. The full set of the research is shown in appendix [i]. In this section we summarise the findings by using a combination of narrative, tables and graphs. The referencing used is the same as and in the appendix [i] thus providing to the interested user additional research material with the same reference.

5.2.1 Environmental & Internal resources

The research in this section indicates that although there is a wide acceptance that environmental factors are important, the PHEIs, in designing and formulating their Business Strategic Plan, are more concerned of their internal resources. These findings can be presented as follows:

Table [5.2.1]: Environmental & Internal resources

Collection, Presentation, and Analysis														
	Q.1	**Are Environmental & internal factors considered in PHEIs strategy?**												
	In de x	**Q**	**A A**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
												%		
					NUP	**LG**	**NE AP OLI S**	**E X P**	**QUES**	**No**	**No**	**Neu tral**	**Yes**	**Yes**
					Mean 1-5 Likert Q Scale					**Not at all**	**So meti mes**	**Ave rag e**	**A lot**	**Alway s**
			AA	Sub-description					Mean	1	2	3	4	5
	1.1	1	1	Environmental factors	4	4	4	4	3.1		20%	50 %	30 %	
	1.1	1	2	Internal resources	4	5	5	5	4.0			20 %	60 %	20%
					4	4	4	4	3.5					

Narrative form: The presentation is as follows:

Environmental factors: The mean of 3.1 indicates a reasonably low adoption of these factors. It has considered this to be accounted to the fact that environmental consciences are a fairly new concept.

Internal resources: The mean of 4.0 indicates that PHEIs, when formulating their strategies, take very seriously into consideration, their internal resources.

Graph: The presentation is as follows

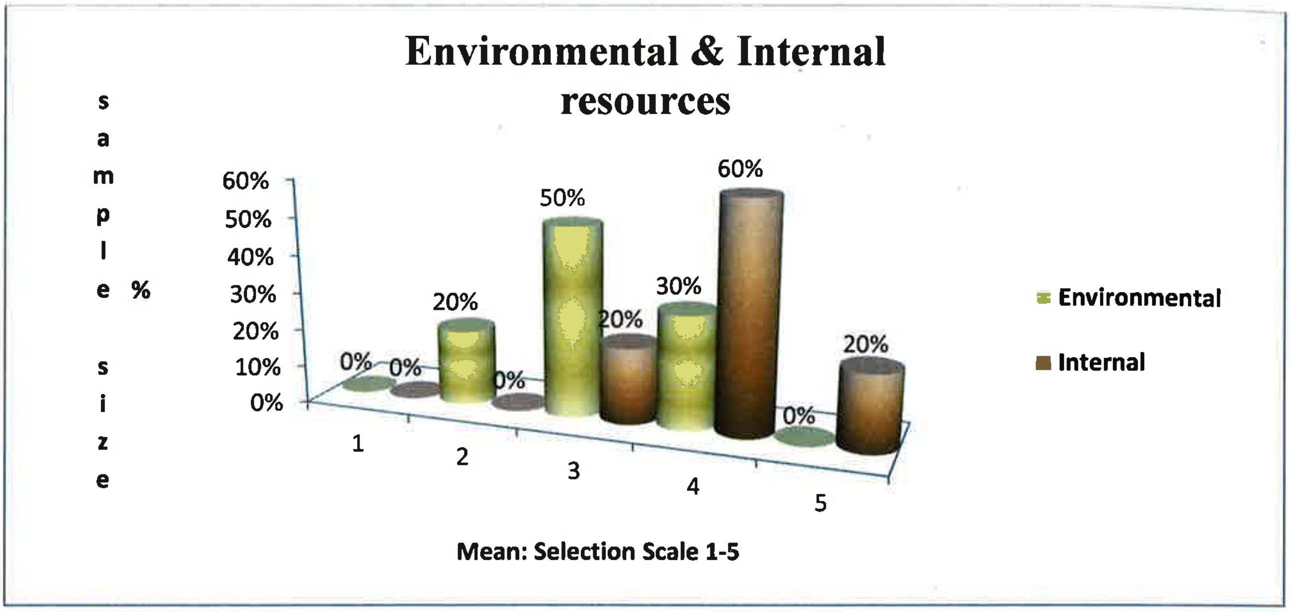


Figure [5.2.1]: Environmental & Internal Resources

5.2.2 Opportunities and Threats

This test confirms the importance of the Opportunities and Threats model. The mean of the variables tested, in total, is close to 4 which indicate that these variables should be an integral part of any University Business Model. The mixture of strategies to utilise the opportunities and mitigate the threats is though a matter to be decided within the Business Model. Set out below the indicative findings as follows:

Table [5.2.2]: Opportunities and Threats

Collection, Presentation, and Analysis													
Q.2			Do these Opportunities and threats impact on performance?										
Index	Q	AA	Description	Analysis					Likert Questionnaire Analysis				
											%		
				NUP	LG	NEAPOLIS	EXP	QUE	No	No	Neutral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	Sometimes	Average	A lot	Always
		AA	Sub-description					Mean	1	2	3	4	5
1.2	Opportunities	1	EU Erasmus project	4	3	3	3	2.7	10%	20%	60%	10%	
1.2		2	Professional courses	5	4	3	4	3.1		20%	50%	30%	
1.2		3	EU grants and subsidies	3	3	4	4	2.4	20%	30%	40%	10%	
1.2		4	Research	5	4	4	3	3.1	10%	10%	50%	20%	10%
1.2		5	Strategic Alliances	4	4	5	4	3.1		20%	50%	30%	
1.2	Threats	6	Foreign Universities	4	4	4	5	3.1		20%	50%	30%	
1.2		7	Distance Learning	3	3	2	3	3.1		20%	50%	30%	
1.2		8	Public Institutions fee structure	4	5	5	4	4.3			10%	50%	40%
1.2		9	Technology	3	3	3	4	2.7	10%	20%	60%	10%	
1.2		10	Regulations	3	3	4	3	2.4	20%	30%	40%	10%	
				4	4	4	4	3					

Findings:

Opportunities:

Professional courses, Research and Strategic Alliances are considered to have an impact on the performance of PHEIs.EU Erasmus and EU grants are not considered to have significant importance based on the public respond, however based on experts these are considered to have higher impact. This gap of perception between the two groups is something that needs further investigation.

Threats:

Based on the findings Public Institutions are the major threat to the performance of Private Institutions. This was what were expected since in Cyprus the Public Institutions offer free education and well paid salaries and so far no concern for financial performance. This is a strong indicator that private universities need to think again about GUI (Government-University-Industry) partnerships not only from the financial perspective but also for all others benefits will be arise from collaborations between GUI.

Foreign Universities and Distance Learning are also important threats for the performance for private universities. Students will be more likely to take distance learning courses later in their academic programs (after their first degree).Private Universities should have to invest on their opportunities by offering also Professional courses , investigating more in Research and Innovations programmes and looking for Strategic alliances between Government and Industry. By using GUI collaborations their biggest threat will be minimized.

5.2.3 Strengths & Weaknesses

Our findings suggest that the PHEIs do not have any competitive strength and that they have a lot of weaknesses. The findings should be of particular concern to the management of the PHEIs since these variables have considerable impact on the strategic positioning, product design, investment and asset allocation, designing of strategic alliances, the quality of the staff and courses and consequently the financial performance. The findings can be presented as follows:

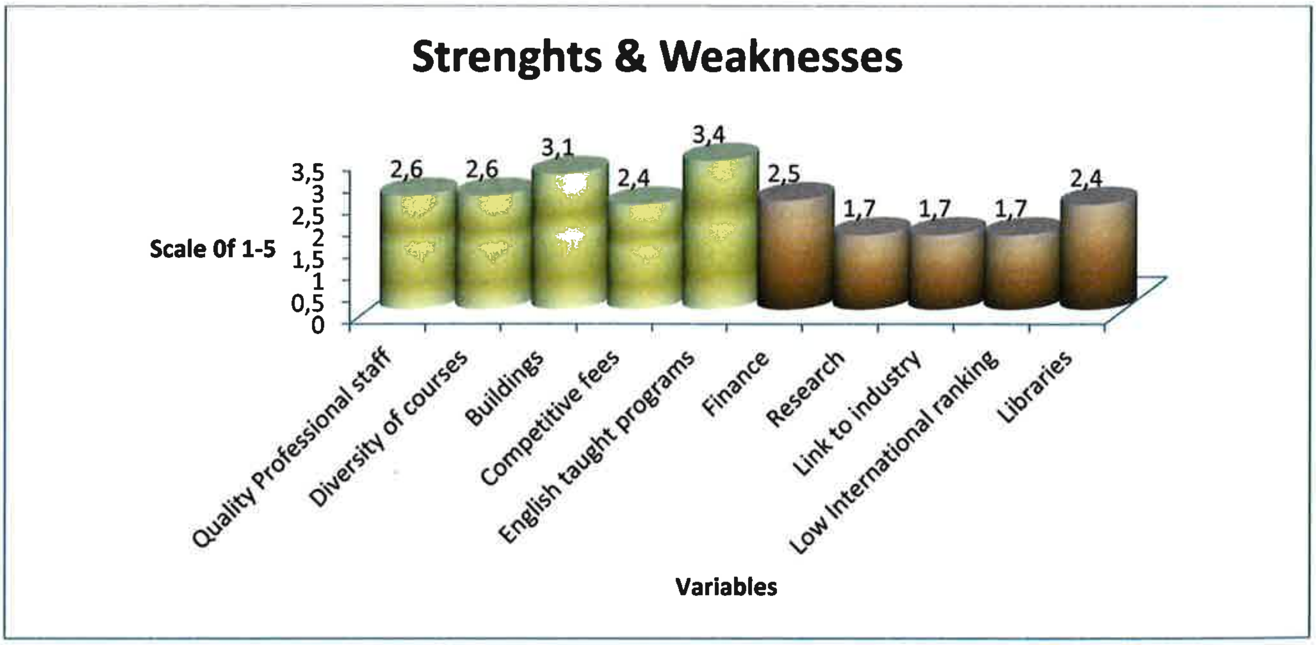


Figure [5.2.3]: Strengths & Weaknesses

5.2.4 Competitive forces influence on competition

The findings indicate the importance of the selected variables in influencing the competitive forces of the PHEIs market. It is worth mentioning that some of these factors are external to the PHEIs, systematic, while others are within their strategic options. In general it can conclude that the market is very competitive.

Table [5.2.4]: Competitive forces influence on competition

Collection, Presentation, and Analysis													
Q4	**How do the following competitive forces influence competition?**												
Index	**Q**	**AA**	**Description**	**Analysis**				**s**	**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
2.1	4	1	New PHEIs entrants from EU	5	4	4	4	3.9			30 %	50 %	20%
2.1	4	2	Cypriots options to study overseas	5	5	4	4	4			20 %	60 %	20%
2.1	4	3	Rivalry among PHEIs	5	4	4	4	2.7	20 %	20%	40 %	10 %	10%
2.1	4	4	Public Institutions salary structure	5	5	5	4	4.3			20 %	30 %	50%
2.1	4	5	Cost of living	4	4	3	4	4.3			20 %	30 %	50%
2.1	4	6	Unregulated fees	3	3	3	4	2.8	10 %	20%	50 %	20 %	
2.1	4		Specialized courses	3	3	4	3	3.1		20%	50 %	30 %	
2.1	4	7	Strategic alliances	4	4	4	4	3.4		10%	50 %	30 %	10%
				4	4	4	4	4					

5.2.5 Profitability Business Model

The findings, as presented below, indicate that Profitability is influenced with regard to Income by factors such as: competition by new PHEIs to the market, rivalry among PHEIs, unregulated fees, and to costs mainly by: the increased cost of living and the Public Institutions salary structures. The PHEIs Business model is basically an income generated model therefore the institutions should focus to keep low fixed overheads in order to have a flexible strategy to meet an easy break-even mark. This would entail flexible competitive pricing, controllable costs and fully utilisation of the teaching staff, premises, and other internal resources.

Table [5.2.5]: Profitability Business Model

Collection, Presentation, and Analysis													
Q5			**How do the following competitive forces impact on profitability?**										
Index	Q	**AA**	**Description**	**Analysis**					**Likert Questionnaire Analysis %**				
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
2.2	5	1	New PHEIs entrants from EU	3	4	4	3	3.1		20%	50 %	30 %	
2.2	5	2	Cypriots options to study overseas	4	3	4	3	3.6		10%	40 %	30 %	20%
2.2	5	3	Rivalry among PHEIs	5	4	4	4	3.1		20%	50 %	30 %	
2.2	5	4	Public Institutions salary structure	5	5	5	4	3.5		20%	30 %	30 %	20%
2.2	5	5	Cost of living	4	3	4	4	3.5		20%	30 %	30 %	20%
2.2	5	6	Unregulated fees	4	3	3	3	2.4	20 %	30%	40 %	10 %	
2.2	5		Specialized courses	3	4	4	3	3.4		20%	40 %	20 %	20%
2.2	5	7	Strategic alliances	3	3	3	3	3.4		20%	40 %	20 %	20%
				4	4	4	3.5	3.5					

5.2.6 Strategic Internal Resources

The findings indicate that the PHEIs do not possess any distinctive internal resources. This should be of particular concern to the designers as these would restrict the PHEIs opportunities to develop competitive advantage. On the other hand it is an opportunity to focus improvement in these areas and thus to improve profitability.

Table [5.2.6]: Strategic Internal Resources

Collection, Presentation, and Analysis														
	Q5			**How do the following competitive forces impact on profitability?**										
	Index	Q	A A	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
												%		
					NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
					Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
			A A	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
	2.2	5	1	New PHEIs entrants from EU	3	4	4	3	3.1		20%	50 %	30 %	
	2.2	5	2	Cypriots options to study overseas	4	3	4	3	3.6		10%	40 %	30 %	20%
	2.2	5	3	Rivalry among PHEIs	5	4	4	4	3.1		20%	50 %	30 %	
	2.2	5	4	Public Institutions salary structure	5	5	5	4	3.5		20%	30 %	30 %	20%
	2.2	5	5	Cost of living	4	3	4	4	3.5		20%	30 %	30 %	20%
	2.2	5	6	Unregulated fees	4	3	3	3	2.4	20 %	30%	40 %	10 %	
	2.2	5		Specialized courses	3	4	4	3	3.4		20%	40 %	20 %	20%
	2.2	5	7	Strategic alliances	3	3	3	3	3.4		20%	40 %	20 %	20%
					4	4	4	3.5	3.5					

5.2.7 Strategic Business Development

The research indicates that the PHEIs do not have a structured business development strategy. These set of strategies are important part for the success of any growing organisation and it should be of concern if the PHEIs are to improve on increasing the market and their share. It has recently seen efforts by the PHEIs to enter the Greek and the Russian market with courses in law and finance. For the local market the Neapolis introducing theology and psychology courses as well as entering into partnership with the Aegean University and Panteios University. Other local PHEIs have introduced courses in energy and gas.

Table [5.2.7]: Strategic Business Development

Collection, Presentation, and Analysis													
Q.7		**Strategic business development**											
Index	**Q**	**AA**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
3.2	7	1	Value added	4	4	3	3	2.90		30%	50%	20%	
3.2	7	2	Competitive Pricing	3	3	2	2	2.40	20%	30%	40%	10%	
3.2	7	3	New products	3	3	3	4	2.40	20%	30%	40%	10%	
3.2	7	4	New markets	3	3	3	4	3.40		20%	30%	40%	10%
				3	3	3	4	2.5					

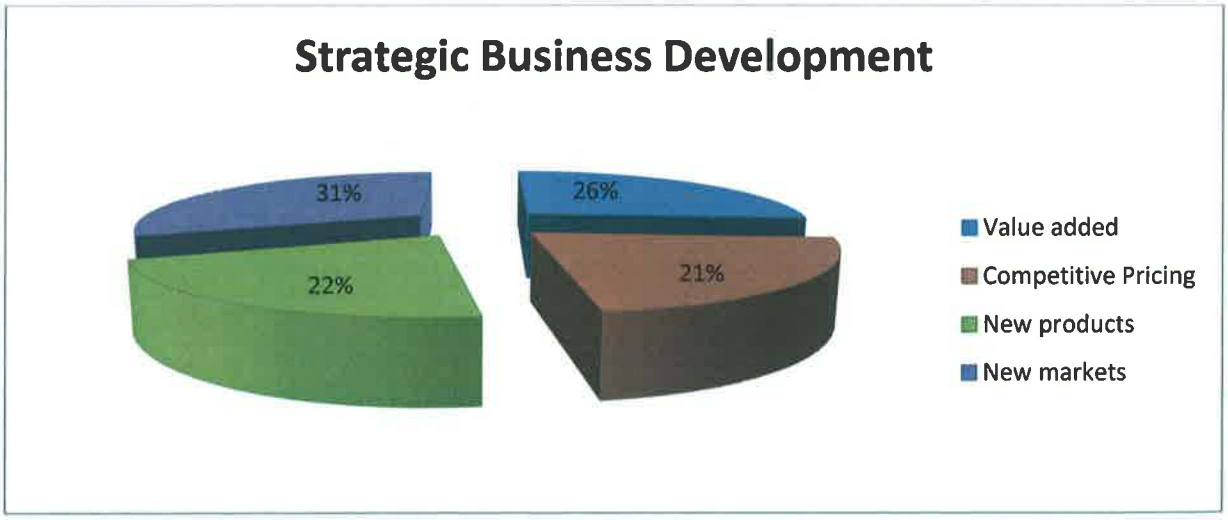


Figure [5.2.7]: Strategic Business Development

5.2.8 Strategic Positioning

The results indicate that the PHEIs have not positioned, as yet, any distinctive competitive advantages. In this respect it is not easy to predict how these units would be able to perform successfully and profitably. With regard to the local market it must be noted that this is considerably small and not sufficient for profitable business particularly if it has to be shared to all those new entrants.

Table [5.2.8]: Strategic Positioning

Collection, Presentation, and Analysis													
Q. 8			**Strategic Positioning**										
Index	**Q**	**AA**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
4.1	8	1	Locally focus	4	3	3	3	3.10		20%	50 %	30 %	
4.1	8	2	Internationalisation	1	3	3	2	2.60	20 %	20%	40 %	20 %	
4.1	8	3	Competitive pricing	2	3	2	2	2.40	20 %	30%	40 %	10 %	
4.1	8	4	Specialist providers	2	2	3	2	2.20	30 %	30%	30 %	10 %	
4.1	8	5	Innovative modes of delivery	1	2	2	2	2.20	30 %	30%	30 %	10 %	
4.1	8	6	Centres of excellence	2	2	3	2	2.20	30 %	30%	30 %	10 %	
4.1	8	7	Research strength	1	1	1	1	1.60	50 %	40%	10 %		
4.1	8	8	Part-time providers	3	3	3	3	2.60	20 %	20%	40 %	20 %	
4.1	8	9	Distance learning	2	2	2	2	2.60	20 %	20%	40 %	20 %	
				2	3	3	2	2.5					

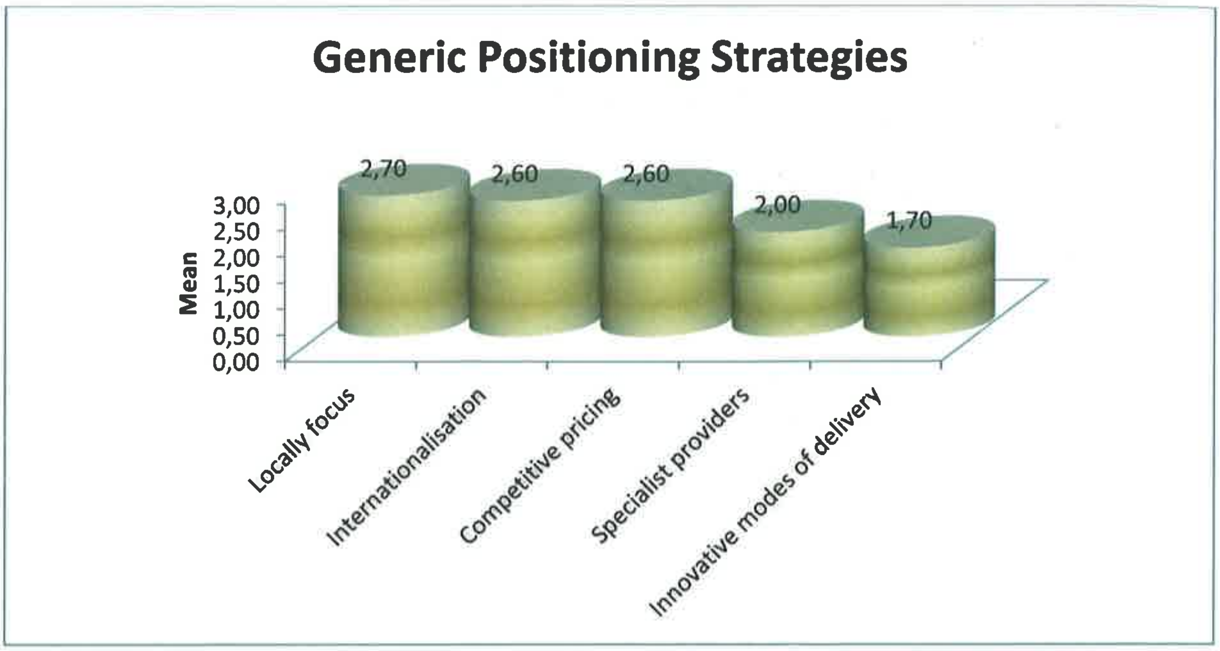


Figure [5.2.9]: Generic Positioning Strategies

5.2.9 Generic Positioning Strategies

The results indicate that the PHEIs are locally focus and use pricing as a strategy to gain a market share. It seems also in a lesser extent their efforts to enter into the International market and also to focus in specialised products.

Table [5.2.9]: Generic Positioning Strategies

Q9			Collection, Presentation, and Analysis What generic positioning strategies do they adopt?										
IND EX	Q	A A	DESCRIPTION	ANALYSIS					LIKERT QUESTIONNAIRE ANALYSIS				
											%		
				NUP	LG	NE AP O LI S	E X P	QU ES	No	No	Neu tral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	So meti mes	Ave rag e	A lot	Alway s
		A A	Sub-description					Mea n	1	2	3	4	5
4.2	9	1	Locally focus	3	3	3	2	2.70	10 %	30%	40 %	20 %	
4.2	9	2	Internationalisation	3	3	2	2	2.60	20 %	20%	40 %	20 %	
4.2	9	3	Competitive pricing	3	3	3	2	2.60	20 %	20%	40 %	20 %	
4.2	9	4	Specialist providers	3	2	2	2	2.00	30 %	40%	30 %		
4.2	9	5	Innovative modes of delivery	1	1	1	1	1.70	50 %	30%	20 %		
				3	3	3	2	2.5					

5.2.10 Competitive Advantage

The research indicates that the PHEIs do not have any distinctive competences. The main reason for this seems to be the fact they do not have any distinctive internal resources. The mean results are very low and it is apparent that the PHEIs probably would not be able to position themselves in the market competitively and consequently profitably. The Professionally recognised courses is an area where the PHEIs have the opportunity to compete successfully and profitably since these courses have a wider market perspective , more competitive pricing, and can also be attracted to International students.

Table [5.2.10]: Competitive Advantage

Collection, Presentation, and Analysis													
Q.10		What Distinctive competencies do PHEIs possess?											
Index	Q	AA	Description	Analysis					Likert Questionnaire Analysis				
											%		
				NUP	LG	NEAPOLIS	EXP	QUES	No	No	Neutral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	Sometimes	Average	A lot	Always
		AA	Sub-description					Mean	1	2	3	4	5
5.1	10	1	Competitive pricing	2	3	3	3	2.80	10 %	20%	50 %	20	
5.1	10	2	Differentiation	2	3	2	2	2.20	30 %	30%	30 %	10 %	
5.1	10	3	International accreditations	2	3	2	2	1.70	50 %	30%	20 %		
5.1	10	4	Quality Research programs	2	1	2	1	1.20	80 %	20%			
5.1	10	5	Recognised Quality standards	2	1	2	1	1.70	50 %	30%	20 %		
5.1	10	6	Professionally recognised courses	4	4	4	4	2.90		30%	50 %	20 %	
5.1	10	7	Industry co operation	1	1	1	1	1.20	80 %	20%			
				2	3	2	2	2					

Figure [5.2.10]: Competitive Advantage

5.2.11 Use of Competitive Advantages

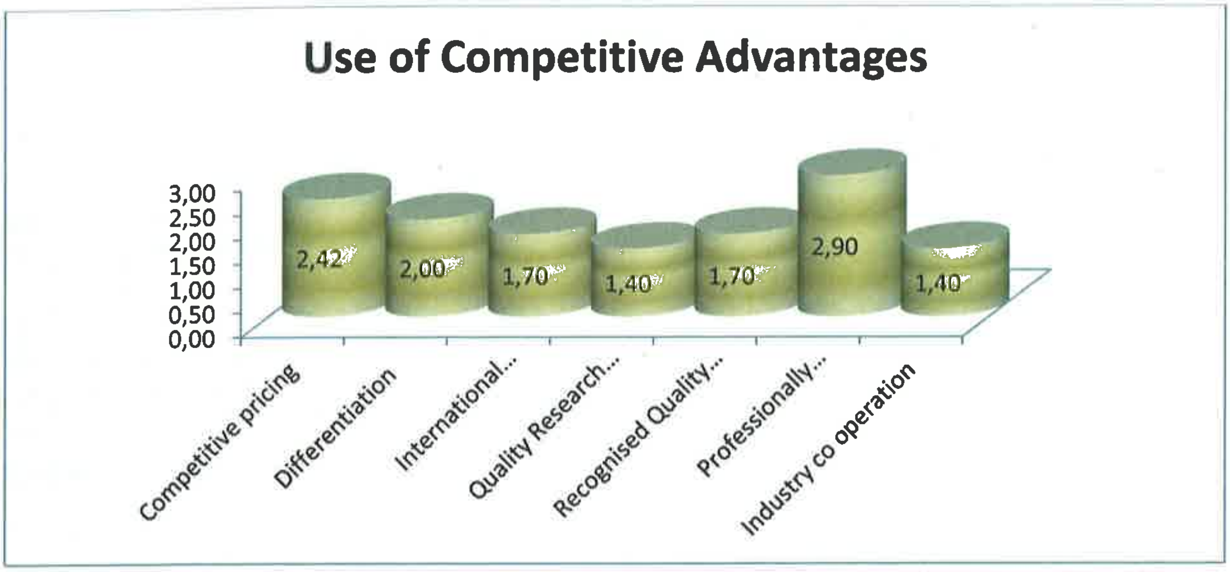


Figure [5.2.11]: Use of Competitive Advantages

5.2.11Use of Competitive Advantages

The findings indicate that the PHEIs do not exploit Distinctive competencies to gain competitive advantage. The low mean is attributable to the fact that the PHEIs do not possess competitive advantages, table [5.2.10], as a result of insufficient internal resources, table [5.2.6].

Table [5.2.11]: Use of Competitive Advantages

Index	Q	AA	Description	NUP	LG	NEAPOLIS	EXP	QUES	No	No	Neutral	Yes	Yes
			Collection, Presentation, and Analysis										
Q.11			**Do the PHEIs exploit their Distinctive competencies to gain competitive advantage?**										
Index	**Q**	**A A**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NE AP O LI S**	**E X P**	**QU ES**	**No**	**No**	**Neu tral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**So meti mes**	**Ave rag e**	**A lot**	**Alway s**
		A A	Sub-description					Mea n	1	2	3	4	5
5.2	11	1	Competitive pricing	3	3	3	3	2.42	30 %	30%	40 %	20 %	
5.2	11	2	Differentiation	3	2	2	2	2.00	30 %	40%	30 %		
5.2	11	3	International accreditations	2	3	2	2	1.70	50 %	30%	20 %		
5.2	11	4	Quality Research programs	2	1	1	2	1.40	70 %	20%	10 %		
5.2	11	5	Recognised Quality standards	2	2	2	2	1.70	50 %	30%	20 %		
5.2	11	6	Professionally recognised courses	4	4	4	4	2.90		30%	50 %	20 %	
5.2	11	7	Industry co operation	1	1	1	1	1.40	70 %	20%	10 %		
				3	2	2	2	2					

5.2.12 Sustainable Competitive Advantage

The findings suggest that competitive advantage in PHEIs is not sustainable. In this respect the institutions should try to maintain, upgrade, and modify their internal resources, strategy and Business Model, in line with changes in the environment, competition and needs of the market. Sustainability is of prime importance since the market invests in the long prospects.

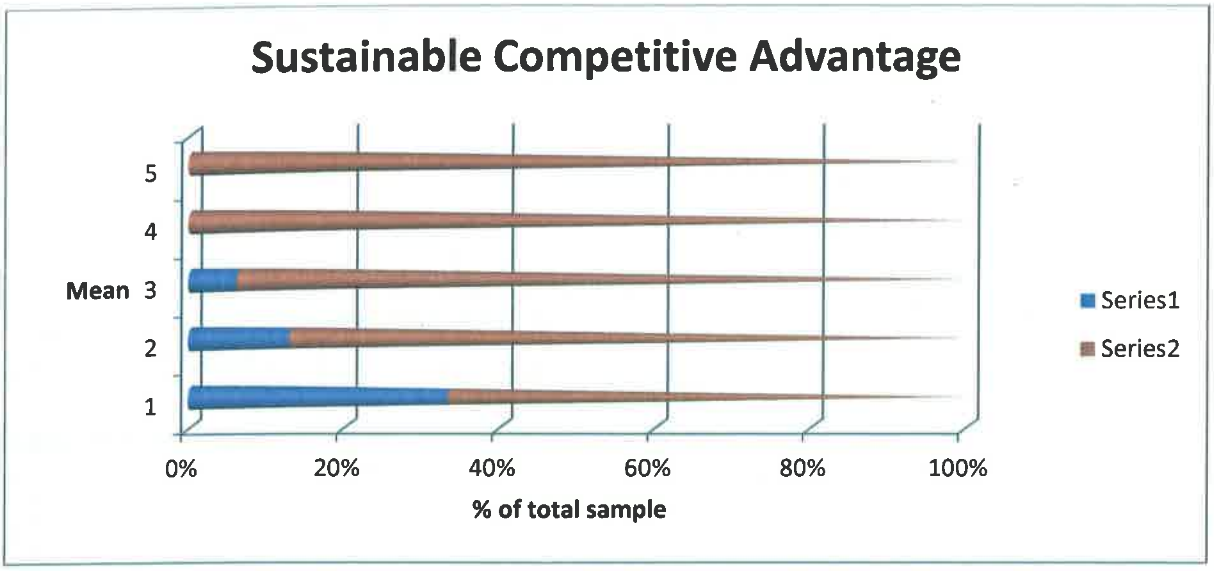


Figure [5.2.12]: Sustainable Competitive Advantage

Table [5.2.12]: Sustainable Competitive Advantage

Collection, Presentation, and Analysis													
Q.12		**Sustainable competitive advantage**											
Index	**Q**	**A A**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	LG	NE AP OL IS	E XP	QU ES	No	No	Neu tral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	Som etim es	Ave rage	A lot	Alway s
		A A	Sub-description					Mea n	1	2	3	4	5
6.1	12	1	Is competitive advantage sustainable	2	2	2	2	1.70	50 %	30%	20 %		
				2	2	2	2	2					

5.2.13 Define Market Success

The findings in this section indicate that the PHEIs success is not measured by profit alone and that other factors are equally important such as the contribution to the community. From the perspective of the business some important key performance indicators are the graduate's employment rate, and the approved and certified programs. The financial indicators market growth rate and EBITDA are the essential indicators to provide sustainable growth and return on capital employed. These findings can be presented as follows:

Table [5.2.13]: Define Market Success

Collection, Presentation, and Analysis													
Q.13		**Define market success.**											
Index	**Q**	**A A**	**Description**	**Analysis**				**Exp erts**	**Likert Questionnaire Analysis**				
									%				
				NUP	**LG**	**NE AP O LI S**	**C Y P**		**No**	**No**	**Neu tral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**So meti mes**	**Ave rag e**	**A lot**	**Alway s**
		A A	**Sub-description**					**Mea n**	**1**	**2**	**3**	**4**	**5**
7.1	13	1	Market share growth		4			3.90			30 %	50 %	20%
7.1	13	2	Sustainable EBITDA		4			3.90			30 %	50 %	20%
7.1	13	3	Contribution to the community		3			2.90		40%	30 %	30 %	
7.1	13	4	Research grants		3			2.90		40%	30 %	30 %	
7.1	13	5	Graduates employment rate		3			2.90		40%	30 %	30 %	
7.1	13	6	Approved and certified programs		4			3.90			30 %	50 %	20%

5.2.14 Factors that bring market success

The research indicates that financial success is a combination of key performance indicators such as: market share growth, premium pricing, cost efficiencies and low financial leverage. This is a definite integral part of any Business Model and a more refined research and analysis should be pursuit including feasibility and sensitivity studies.

Table [5.2.14]: Factors that bring market success

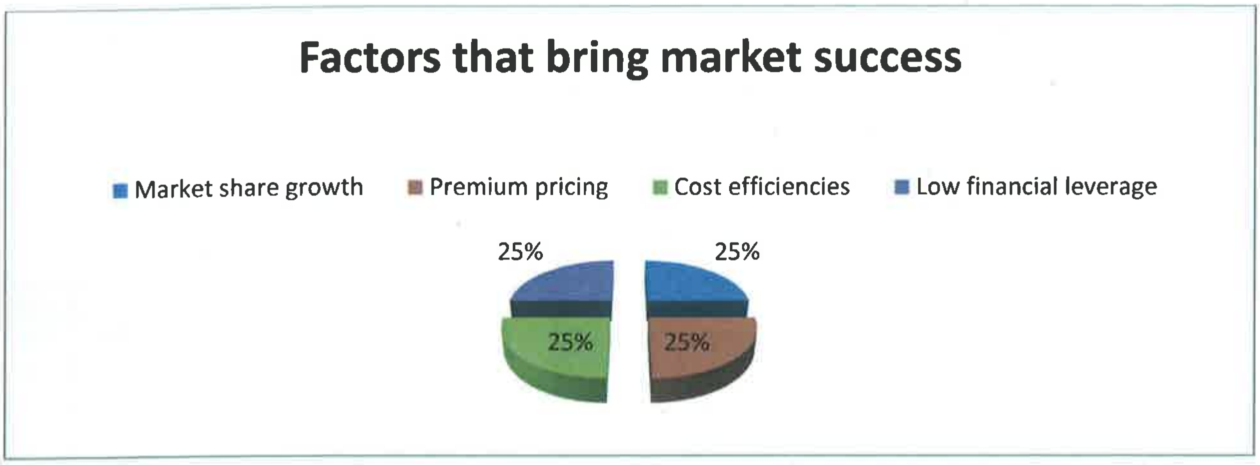


Figure [5.2.14]: Factors that bring market success

Collection, Presentation, and Analysis													
Q.14		**What are the key factors that bring market success?**											
Index	**Q**	**AA**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
											%		
				DINENIS	LG	NEAPOLIS	EXP	QUES	No	No	Neutral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	Sometimes	Average	A lot	Always
		AA	Sub-description					Mean	1	2	3	4	5
7.2	14	1	Market share growth	5	4	4	4	3.90			30 %	50 %	20%
7.2	14	2	Premium pricing	4	4	4	4	3.90			30 %	50 %	20%
7.2	14	3	Cost efficiencies	4	4	4	4	3.90			30 %	50 %	20%
7.2	14	4	Low financial leverage	5	5	5	5	4			30 %	50 %	20%

5.2.15 Success Factors

The research indicates that the PHEIs have not as yet reached the position of success and that the environment is still very competitive. This section presents the current market position.

Table [5.2.15]: Success Factors

			Collection, Presentation, and Analysis										
Q15		**How successful are PHEIs in terms of the following:**											
Index	**Q**	**AA**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
7.3	15	1	student enrolment growth	4	3	3	3	2.40	20 %	30%	40 %	10 %	
7.3	15	2	financial benefits	3	2	2	3	2.20	30 %	30%	30 %	10 %	
7.3	15	3	demand for places	2	2	2	2	2.20	30 %	30%	30 %	10 %	
7.3	15	4	optimism over student enrolment growth	3	3	3	2	2.40	20 %	30%	40 %	10 %	
				3	3	2	2	2					

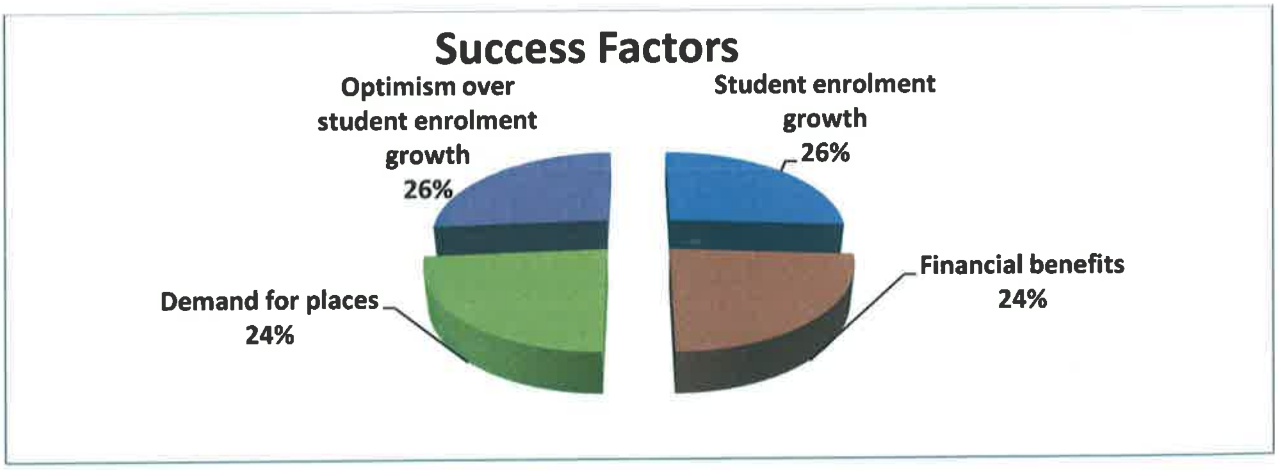


Figure [5.2.15]: Success Factors

Chapter 6: Conclusions and Recommendations

This section deals with the Conclusions of this investigation and it aims to draw together the findings and the data collected and interpreted throughout the research.

This chapter is organised as follows:

3.1 Testing of the hypothesis

3.2 Conclusions

6.1 Testing of the hypothesis

The test of the hypothesis would be demonstrated by using selected parts of the literature review from chapter 3 and the data collected and analysed from chapter 5.

In accordance with the research purpose and objective of the paper the hypothesis and the main variables of the University Business Model are as follows:

Hypothesis

If a University Business Model is correctly designed, and its competitive advantages are efficiently applied and managed, in its operations and strategies, then these will lead to sustainable investments and performance.

The key variables directly associated with the hypothesis for which evidence were research are:

1. Investments
2. Internal resources
3. Competition
4. Strategy

6.1.1 Literature review test

In chapter 3 it has examined the variables that are needed to be incorporated with the University Business Model. The key findings and recommendations of the literature review that can be used to test and support those variables and the issues of the hypothesis and the research questions can be summarised as follows:

Secondary evidence findings

I. According to Brown & Duguid (1991) the pressures of competition are now forcing Universities to think like business from the perspective of investments, competition, performance, product value, cost saving, strategy and management.

II. The competitive forces view (Porter, 1985) believes the success of an organization's competitive strategy depends on the positioning of the organization within its environment, particularly its industry and its ability to defend itself against competitive forces, or influence them in its favour.

III. Organizations should be driven by market focus and innovation, and are to be flexible and responsive to changing markets/circumstances and international in perspective (Baharun, 2002).

IV. In general the resource based view is that the internal resources of a PHEI's are more influential in determining the competitive strategy for that PHEI's that an understanding and management of its external environment. These resources are competitively important if they are valuable, rare and difficult to imitate (Barney 1991)

V. The literature associated with "investments", Reilly and Brown (1997) pp5, Armitage, (2005), suggests that although the goals of the organisations can be expressed in targets rates of Cost of Capital (COC) investment decisions are also influenced and by other strategic business, *Porter, (1980),* Ansoff (1969), *CEM, (2006),* and non-business variables. This is a result of the interaction of the business with a number of other environmental variables including, PESTEL Shapiro (1978).

VI. The literature associated with the "COC, Modigliani and Miller (1958), Solomon (1963), Armitage (2005),*Brigham et al (2000) pp 433*, "suggests that strategic business risk has an equal impact on the other variables making the COC including the risk free premium, mix of debt, as well as the project risk, and the beta, Bodie et al. (1993), William et al.

(1999). The literature also suggests that there are also a number of limitations in calculating the WACC and the COC due to the unavailability of data as well as the availability of non-measurable factors, Haley and Schall (1978).

VII. Sustainability has been defined as the development which meets the needs of the present without compromising the ability of the future generations to meet their own needs, Bruntland report (1987), therefore the impact on the environment cannot really be ignored from any Business Model if this Model aims to be acceptable by all the concerned stakeholders.

VIII. In accordance with Porter (1985) pp4 the first fundamental determinant of a firm's profitability is industry attractiveness. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine industry attractiveness. These rules are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors.

IX. Porter (1980) identified three broadly-defined generic strategies based on resource deployments and product/market scope: cost leadership, differentiation, and focus.

Table [3.3]: From Competitive Advantage: Creating and Sustaining Superior performance (p.12) by M.E. Porter (1985).

		Competitive Advantage	
		Lower Costs	Differentiation
Competitive Scope	Broad	COST LEADERSHIP	DIFFERENTIATION
	Narrow	COST FOCUS	DIFFERENTIATION FOCUS

X. The value chain displays total value, and consists of value activities and margin. Value activities are the physically and technologically distinct activities a firm performs.

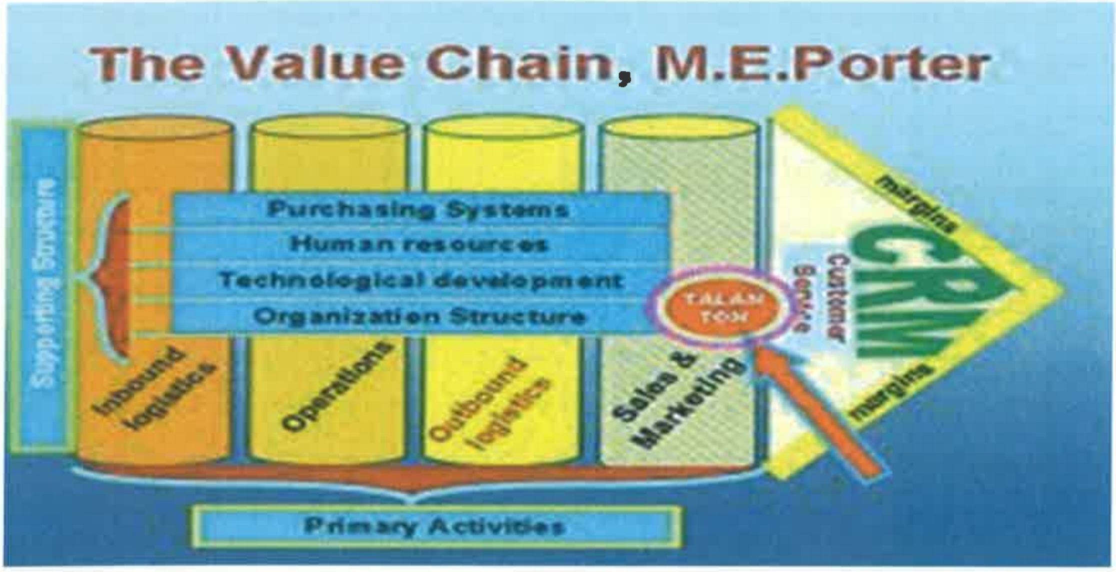


Figure 3.6 Value Chain Analyses-internet Google (2012)

Value activities can be divided into two broad types, primary activities and support activities. There are five generic categories of primary activities involved in competing in any industry: inbound logistics, operations, outbound logistics, marketing and sales, and service. Each of these categories may be vital to competitive advantage depending on the industry.

XI. CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by information technology, Buttle, (2004) pp39. It is recognised as the ultimate integrated strategy of the future. Strategic CRM is focused on the development of a customer-centric business culture.

XII. Examples of what it may expected in the future include far greater reliance on distributed learning communities, intelligent tutoring systems that model subject matter as well as learners and their preconceptions, families of interoperable, simulation-based "clip models," collaborative learning-by-design environments, and learning environments for core subject disciplines that have more in common with massive multi-player Internet video games – with their complex immersive worlds and constantly evolving rules – than with textbooks.

XIII. Powerful International drivers of change are forcing universities to consider new strategic choices. Strategic alliances are the response to a hardened international competitive climate. A new approach is needed to the positioning of universities in the future and to the way in which reaching, research and modes of cooperation are structured. Competition is on the increase – for students, staff and resources (Clark 1998, Florida 2002, Trow 1996). Moreover, this tendency is increasingly international as well (Castells 1996, 1997, 1998).

XIV. By the latter half of the 1990s and into the 21st century, higher education planning had moved beyond a focus on niche and competitiveness to encompass ideas such as reengineering, business transformation, and continuous quality improvement. Rowley and Sherman (2001). As suggested by Keller (1999-2000), strategic planning is now increasingly about organizational learning and creativity, with the recognition that college and university leaders need to challenge assumptions and considers radically changing existing structures and processes. Relatively recent conceptions of strategic planning focus more than earlier approaches on dynamism, the future, flexibility, organizational intelligence, and creativity, and about actually moving from strategy to transformation:

XV. Colleges and universities, now more than ever, need to ensure the right person is serving in the appropriate position (Heuer, 2003). Collins (2001) stated, "first get the right people on the bus, the wrong people off the bus, and the right people in the right seats "then figure out where to drive it. (p. 41). Demonstrating this type of stability in talent provides confidence to both internal and external stakeholders (Marsh, 2008). Colleges and universities that accept the challenge to build talent from within to meet impending leadership requirements will certainly gain an advantage on peer institutions in this competitive climate (Mackey, 2008).

XVI. Agencies should be formally recognised by competent public authorities in the European higher education area as agencies with responsibilities for external quality assurance and should have an established legal basis. They should comply with any requirements of the legislative jurisdictions within which they operate. They should also have adequate and proportional resources and clear and explicit goals and objectives for their work. They should be also independent to the extent both that they have autonomous responsibility for their operations.

XVII. In order to achieve sustainable competitive advantage, today's knowledge-based organizations have to measure and report their intellectual capital.

Intellectual capital, is the source of intangible assets that often is not reflected in the balance sheet (Eduinson,1997). Intellectual capital refers to the all available knowledge assets in an organization through which it can assure its permanent activity as well as gaining a competitive advantage (Anderson,2004). Intellectual capital includes three elements: human capital, structural capital and relational capital. Each one is described briefly below:

Primary evidence findings

This section would summarise the key findings of chapter 5. Within those conclusions it would also identify what exact questions were designed to test the hypothesis.

It must emphasise though that the whole design of the questionnaire and consequently the data interpretation is to view it as in total since it incorporate all those issues and variables that are needed in order provide with the answers not only to the hypothesis but and to the other research questions and variables. The key findings of chapter 5 are as follows:

XVIII. **Environmental & Internal resources:** The research in section 5.2.1 indicates that although there is a wide acceptance that environmental factors are important, the PHEIs, in designing and formulating their Business Strategic Plan, are more concerned of their internal resources.

XIX. **Opportunities and Threats:** The test in section 5.2.2 confirms the importance of the Opportunities and Threats model. The mean of the variables tested, in total, is close to 4 out of 5 which indicate that these variables should be an integral part of any University Business Model. The mixture of strategies to utilise the opportunities and mitigate the threats is though a matter to be decided within the Business Model.

XX. **Strengths & Weaknesses:** The findings in section 5.2.3 suggest that the PHEIs do not have any competitive strength and that they have a lot of weaknesses. The findings should be of particular concern to the management of the PHEIs since these variables have considerable impact on the strategic positioning, product design, investment and asset allocation, designing of strategic alliances, the quality of the staff and courses and consequently the financial performance.

XXI. **Competitive forces influence on competition**: Section's 5.2.4 findings indicate the importance of the selected variables in influencing the competitive forces of the PHEIs market. It is worth mentioning that some of these factors are external to the PHEIs, systematic, while others are within their strategic options. In general it can conclude that the market is very competitive.

XXII. **Profitability Business Model:** The findings in section 5.2.5 , as presented below, indicate that Profitability is influenced with regard to Income by factors such as: competition by new PHEIs to the market, rivalry among PHEIs, unregulated fees, and to costs mainly by: the increased cost of living and the Public Institutions salary structures. The PHEIs Business model is basically an Income generated model therefore the institutions should focus to keep low fixed overheads in order to have a flexible strategy to meet an easy break-even mark. This would entail flexible competitive pricing, controllable costs and fully utilisation of the teaching staff, premises, and other internal resources.

XXIII. **Strategic Internal Resources:** The findings in section 5.2.6 indicate that the PHEIs do not possess any distinctive internal resources. This should be of particular concern to the designers as these would restrict the PHEIs opportunities to develop competitive advantage. On the other hand it is an opportunity to focus improvement in these areas and thus to improve profitability.

XXIV. **Strategic Business Development:** The findings in section 5.2.7 indicate that the PHEIs do not have a structured business development strategy. These set of strategies are important part for the success of any growing organisation and it should be of concern if the PHEIs are to improve on increasing the market and their share.

XXV. **Strategic Positioning**: The results in section 5.2.8 indicate that the PHEIs have not positioned, as yet, any distinctive competitive advantages. In this respect it is not easy to predict how these units would be able to perform successfully and profitably. With regard to the local market it must be noted that this is considerably small and not sufficient for profitable business particularly if it has to be shared to all those new entrants.

XXVI. **Generic Positioning Strategies:** The results in section 5.2.9 indicate that the PHEIs are locally focus and use pricing as a strategy to gain a market share. It seems also in a lesser extent their efforts to enter into the International market and also to focus in specialised products.

XXVII. **Competitive Advantage:** The research in section 5.2.10 indicates that the PHEIs do not have any distinctive competences. The main reason for this seems to be the fact they do not have any distinctive internal resources. The mean results are very low and it is apparent that the PHEIs probably would not be able to position themselves in the market competitively and consequently profitably. The Professionally recognised courses is an area where the PHEIs have the opportunity to compete successfully and profitably since these courses have a wider market perspective , more competitive pricing, and can also be attracted to International students.

XXVIII. **Use of Competitive Advantages:** The findings in section 5.2.11 indicate that the PHEIs do not exploit Distinctive competencies to gain competitive advantage. The low mean is attributable to the fact that the PHEIs do not possess competitive advantages, table [5.2.10], as a result of insufficient internal resources, table [5.2.6].

XXIX. **Sustainable Competitive Advantage:** The findings in section 5.2.12 suggest that competitive advantage in PHEIs is not sustainable. In this respect the institutions should try to maintain, upgrade, and modify their internal resources, strategy and Business Model, in line with changes in the environment, competition and needs of the market. Sustainability is of prime importance since the market invests in the long prospects.

XXX. **Define Market Success:** The findings in section 5.2.13 indicate that the PHEIs success is not measured by profit alone and that other factors are equally important such as the contribution to the community. From the perspective of the business some important key performance indicators are the graduate's employment rate, and the approved and certified programs. The financial indicators market growth rate and EBITDA are the essential indicators to provide sustainable growth and return on capital employed. These findings can be presented as follows:

XXXI. **Factors that bring market success:** The findings in section 5.2.14 indicate that financial success is a combination of key performance indicators such as: market share growth, premium pricing, cost efficiencies and low financial leverage. This is a definite integral part of any Business Model and a more refined research and analysis should be pursuit including feasibility and sensitivity studies.

XXXII. **5.2.15 Success Factor:** The findings in section 5.2.15 indicate that the PHEIs have not as yet reached the position of success and that the environment is still very competitive. This section presents the current market position.

6.1.2 Evidence collection and interpretation test

The summarised conclusions are set out in the sections below and in chapter 5. The results of the tables from the data collection which have been selected to specifically test the hypothesis are as follows:

Table [6.1.1]: Hypothesis Test

Index	section	Description	NUP	LG	NEA	EXP	QUE	TOTAL	TEST HYPOTHESIS TEST
			MEAN OF PRIMARY DATA						
			Mean 1-5 Likert Q Scale						% YES
1	5.2.1	Environmental & Internal resources	4	4	4	4	3.5	4	50%
2	5.2.2	Opportunities & Threats	4	4	4	4	3	4	75%
3	5.2.3	Strengths & Weaknesses	4	4	4	4	3	4	75%
4	5.2.4	Competitive forces influence on competition	4	4	4	4	4	4	75%
5	5.2.5	Profitability Business Model	4	4	4	3.5	3.5	3.5	50%
6	5.2.6	Strategic Internal Resources	2	2	2	3	3	2.5	75%
7	5.2.7	Strategic Business Development	3	3	3	4	2.5	3	50%
8	5.2.8	Strategic Positioning	3	3	3	2	2.5	2.5	50%
9	5.2.9	Generic Positioning Strategies	2	3	2	2	2	2	50%
10	5.2.10	Competitive Advantage	3	2	2	2	2	2	75%
11	5.2.11	Use of Competitive Advantages	2	2	2	2	2	2	75%
12	5.2.12	Sustainable Competitive Advantage	4	3	4	4	4	4	75%
13	5.2.13	Define Market Success	4	3	4	4	4	4	50%
14	5.2.14	Factors that bring market success	5	5	5	5	4	5	75%
15	5.2.15	Success Factor	3	3	2	2	1	2	75%
	Mean	**Overall opinion on Business Model**	**3**	**3**	**4**	**3.5**	**3**	**3.5**	**75%**
	Test	**Hypothesis test**							**affirmative**

The conclusion of the research indicates a consensus among the population as to the following variables:

1. The importance of a well-designed business model
2. The impact of the business model on cost of capital and investment decision of the stakeholders.

6.1.3 Conclusions on the hypothesis test

On the basis of the above evidence it can conclude that the above quantitative and qualitative results answer this research question in an "affirmative" way thus inducing that there is a link between "university business model methodology", and the variables of: Investments, internal resources, competition and strategy. It concludes that the selected literature researched variables are an integral part of the model.

On the basis of the affirmative test of the hypothesis it can come to the conclusion that by properly designing a University Business Model then this can have a positive impact and it will meet the objectives of all the stakeholders with regard to: return on capital, sustainability, contribution to education and the community, support the local economy, research, intellectual capital of the country, provide work to local professors, attract overseas students, professors and investors, link to the industry and joined collaboration with overseas universities.

The above 2 conclusions and tests support the proposition which states that:

If a University Business Model is correctly designed, and its competitive advantages are efficiently applied and managed, in its operations and strategies, then these will lead to sustainable investments and performance.

•

6.1.4 Challenging the hypothesis

While the research confirms that a set of variables can make a University Business Model a success the findings also indicate that the PHEIs is a very competitive market with: high investment requirements and commitments, with continuous needs to maintain performance in growth, with increasing student demands, with high cost of living and unregulated fees, with competition from Public universities who offered free education, with overseas universities entering the local market, no infrastructure for research, and no link to the industry. All these negative positions, weaknesses and threats, can conclude that it is impossible to design a University Business Model that could guarantee its success.

6.2 Final Conclusions

6.2.1 Data reliability and relevance

This research confident that the data collected is relevant and free of any errors. It base this conclusion on the quality of the groups used as the sample as well as the feeling that the structured questionnaire has captured most of the issues under debate. Despite this the research problem on designing University models is very open thus resulting as well in major disagreements even among these professionals. This limitation should not be underestimated.

6.2.2 Secondary data used

This relates mainly to the literature review. While it has found substantial authoritative work around the variables considered to be important in designing the University Business Model the literature reviewed indicates that it mostly relates to State owned PHEIs which are currently at the stage of changing their philosophy and strategy to a business oriented models. Despite that the data researched is very applicable and to Universities.

6.2.3 Primary data used

The data tested was selected from a short list of professional groups, students and general public, by using a questionnaire and interviews. The different approaches used by these teams has helped to collect data from a variety of perspectives and thus to have the opportunity to discuss this during the interviews. In general the findings indicate that there is a consensus that this is a very competitive market and that the community expects a lot from a University.

6.2.4 The Research Answer

This section attempts to answer the research problem statement through the use of the data tested and analysed in the project. This is set out as follows:

I. The University Business Model design depends on a number of variables which can differ from one organisation to another. Vision, mission, strategy, internal resources, competences, can all be different. The literature review has identified that there is adequate knowledge of what those variables are and thereafter is a matter of the designer what mix to decide. Well this mix is always the problem because this can always be challenged by competition or be out of date by the market. There is certainly not a template for household use.

II. Competitive advantage is a pack of competencies that give an edge against competition. They are not sustainable and in order to maintain this added advantage the organisation should continuously invest in the variables and forces that made up those competences. To develop these competences the organisation needs: strategy, systems and internal resources. Even then this has to be implemented within the operations and strategy.

III. Internal resources include financial and non-financial and include: assets, brand names, people, machines, systems, collaborations, accreditations, and contacts. Applying and managing these resources in the right mix is the formula to creating competencies and winning business strategies. But the resources are limited and not always applied in the right mix at the right circumstances. Even then you need the right drivers to manage them.

IV. The value chain of primary and supported operations are part of the organisation wider supply chain and link to the external environment which includes students, community, authorities, competitors, and partners. Applying and managing the supply chain needs a combination of systems, people, competences, and strategies. Even then this has to work in balance and towards success.

V. Working towards success needs to consider sustainable performance of the value chain in financial and other factors. The success factors differ among organisations and apart from the financial performance they should also consider the contribution to the community, the environment, the future generations, and international politics, national preservation of customs and history, and research. The mix is endless and subject to limitations.

VI. The financial performance is what, would make any Business Model sustainable and successful. The literature and the primary data have indicated that the signs are not good as a result of the Public Universities competition, the low average standard of the intakes, the high infrastructure cost needed to acquire all the needed internal resources, the stiff competition on fees, and the high cost of living and finance.

6.2.5 Final Conclusion

Finally coming to the end it can conclude that the PHEIs, in Cyprus, faced with lack of internal resources and competences and facing competition from the Public Universities and among them would have a difficult time to design a Business Model within the parameters and objectives as defined in this paper. However they need a benchmark and perhaps in that respect they could consider the present researched model.

Appendix A: Questionnaire

The appendix covers two sections. Section A summarises the methodology used and section B is the actual questionnaire.

Section A: Questionnaire design

The layout of the questionnaire

The questionnaire includes: (i) an introductory letter, (ii) A brief summary regarding the project under research, (iii) instructions and (iv) the main body of the questions.

The introductory letter, page 1, and the brief summary, page 2, provide: an introduction into the research question, a summary of the various sections of the questionnaire, and an outline of the main objectives. The page 3 is the abstract of the research. The page 4 and 5 covers the instructions (how to complete the questionnaire), and the population characteristics. Page 6 to 14 form the main body of the questionnaire, “the questions set”. There are in total 15 questions. Copy of the questionnaire is included in the reference section, appendix C.

Introductory letter

In page 1 it provide a kind invitation explaining the purpose of the research and outlining the main question of the investigation. Ethics and confidentiality are addressed in this section as well as the various forms of delivering the questionnaire back. It is also provide an open line for any queries and clarifications.

Brief summary of research question

The page 2 provides a brief summary of the issue under investigation, an index of the questionnaire, an outline of the hypothesis, and the main objectives of the research.

Abstract

Page 3 provides the abstract in an effort to help the population to focus their responses to this research objective.

Instructions to complete the questionnaire

Page 4 provides detailed instruction and guidance on how to complete the questionnaire with two examples. Page 5 covers the population characteristics: (1) professional work, (2) industry, (3) Country and (4) contact details.

6.2.5 Final Conclusion

Finally coming to the end it can conclude that the PHEIs, in Cyprus, faced with lack of internal resources and competences and facing competition from the Public Universities and among them would have a difficult time to design a Business Model within the parameters and objectives as defined in this paper. However they need a benchmark and perhaps in that respect they could consider the present researched model.

Main body of questionnaire

Page 6-14 is the main body of the questionnaire. Page 3 has the abstract which summarises the research and thereon from page 6-18 there are the 15 questions.

Table [4.3]: Questionnaire structuring and numbering

Section	Section Description	Questions	Pages
1	Swot Considerations	1-3	6-7
2	Competitive environment	4-5	8-9
3	Strategic resources	6-7	9-10
4	Strategic positioning	8-9	10-11
5	Competencies	10-11	11-12
6	Sustainability	12	12
7	Financial success	13-15	13-14

Designing individual questions

The design of each question was determined by the data that it was needed to collect. The questions developed were derived from the literature review and they were "closed or forced questions", Dillman, (2000), De Vaus (2002). The questions provide a choice in the scale of five (5), separated into three groups: Yes, Neutral, and No, and sub-groups of: Not at all-Sometimes-Average-A lot –and Always, 5-point Likert scale. A sample question is set out below:

Sample question

Q If a University Business Model is correctly designed, and its competitive advantages are efficiently applied and managed, in its operations and strategies, then these will lead to sustainable investments and performance.

Table [4.4]: sample Questionnaire question

Symbol	1	2	3	4	5
Q7	No	No	Neutral	Yes	Yes
	Not at all	Sometimes	Average/normal	A lot	Always
√					

Administration

This stage involved the process of using the questionnaire in collecting and analysing the data. The main methods of administering the questionnaires were: (i) on-line, (ii) postal, (iii) delivery and collection, and (iv) telephone, Saunders et al., (2003), pp 310.

Data Collected by the use of questionnaires

Table [4.5]: Questionnaires send

Symbol	1	2	3	4	5
Profession	Community	students	Professors	Services	Business/other
Q sent	2	5	8	4	17

Symbol	1	2	3	4	5
Industry	Community	students	University	Services	Business/other
Q sent	2	5	10	4	15

Symbol	1	2	3	4	5
Country	Cyprus	Greece	Other EU countries	Middle-east	Other
Q sent	36				

Table [4.6]: Questionnaires collected

Symbol	1	2	3	4	5
Profession	Community	students	Professors	stments/Financi al	Business/other
Q sent	2	5	4	4	11

	1	2	3	4	5
Industry	Community	students	University	Services	Business/other
	2	5	6	4	9
responses					

Symbol	1	2	3	4	5
Country	Cyprus	Greece	Other EU countries	Middle-east	Other
responses	26				

Response rate

The response rate was 72 % which is considered excellent and reliable.

Collecting primary data by using interviews

This research used structured and non-structure interviews. The characteristics and the population of the interviews carried out is summarised as follows:

Table [4.7]: Table of interviews completed

Symbol	1	2	3	4	5
Profession	Community	students	Professors	Services	Business/other
structured					2
non-structured					

Symbol	1	2	3	4	5
Industry	Community	students	University Industry	Services	Business/other
structured					2
non-structured					

Symbol	1	2	3	4	5
Country	Cyprus	Greece	Other EU countries	Middle-east	Other
structured					
non-structured	2				

In the Structured interviews it has used as a base the questionnaire pack. The questions were read and have recorded the response while also interacting on possible personal experiences or feelings about the particular area of the questionnaire.

The unstructured interviews, including a group interview, were informal and have been used to explore in depth a general area regarding the environment that Universities operate and their business model. There was no predetermined list and it has invited the interviewees to freely express themselves regarding the general aspects of the research topic.

Appendix A: Section B

This section has the Primary data results analysis

Appendix A: Primary data results analysis

The Competitive Advantage and the Business model of the Private Universities in Paphos and Cyprus

This survey is being carried out as part of an academic project to examine the Competitive Advantage Consideration for Investment in Universities. The title and sub-title of the research is as follows:

Title of Dissertation

The Competitive Advantage and the Business model of the Private Universities in Paphos and Cyprus

Subtitle:
An investigation into the University Business Model Strategies needed in an order to compete successfully.

Please answer the questions freely. You cannot be identified from the information you provide, and no information about individuals will be given to any third-parties. All the information you provide will be treated in the strictest confidence and will be used purely for the purposes of our assignment.

The questionnaire should take you about 15-20 minutes to complete. Please follow the instructions given and answer the questions in the space provided. Your first thoughts are usually your best and therefore you are asked not to spend too long on any one question.

Please complete all questions, even if you do not feel they are directly applicable to you. Your answers are essential in building an accurate picture.

When you have completed the questionnaire, please return it before **8 October 2012** by email: ksotiri@cytanet.com.cy or fax 26-938977

If you need any additional information or any clarification please do not hesitate to contact me at the mobile phone 0044-99531862

Thank you for taking the time to help us with our studies and promoting research.

Koulla Loizou

A brief summary regarding the project under research

Title of Dissertation

The Competitive Advantage and the Business model of the Private Universities in Paphos and Cyprus

Subtitle:

An investigation into the University Business Model Strategies needed in an order to compete successfully.

The literature research, and the enclosed questionnaire, regarding the above project, is divided into the following sections:

1 SWOT considerations
2 Competitive environments
3 Strategic resources
4 Strategic positioning
5 Competencies
6 Sustainability
7 Financial success

The hypothesis and objectives of our research and project is as follows:

Hypothesis

If a University Business Model is correctly designed, and its competitive advantages are efficiently applied and managed, in its operations and strategies, then these will lead to sustainable investments and performance.

Q.1 SWOT considerations

1.1 Do private higher educational institutions (PHEIs) in Cyprus take into account environmental factors and internal resources when formulating strategies to gain competitive advantage?

Questionnaire [5.2.1]: Environmental & Internal resources

Q. 1	Question –	1	2	3	4	5
1.1	Are Environmental & internal factors considered in PHEIs strategy?	No	No	Neutral	Yes	Yes
		Not at all	Sometimes	Average	A lot	Always
1	Environmental factors			√		
2	Internal resources				√	
√						

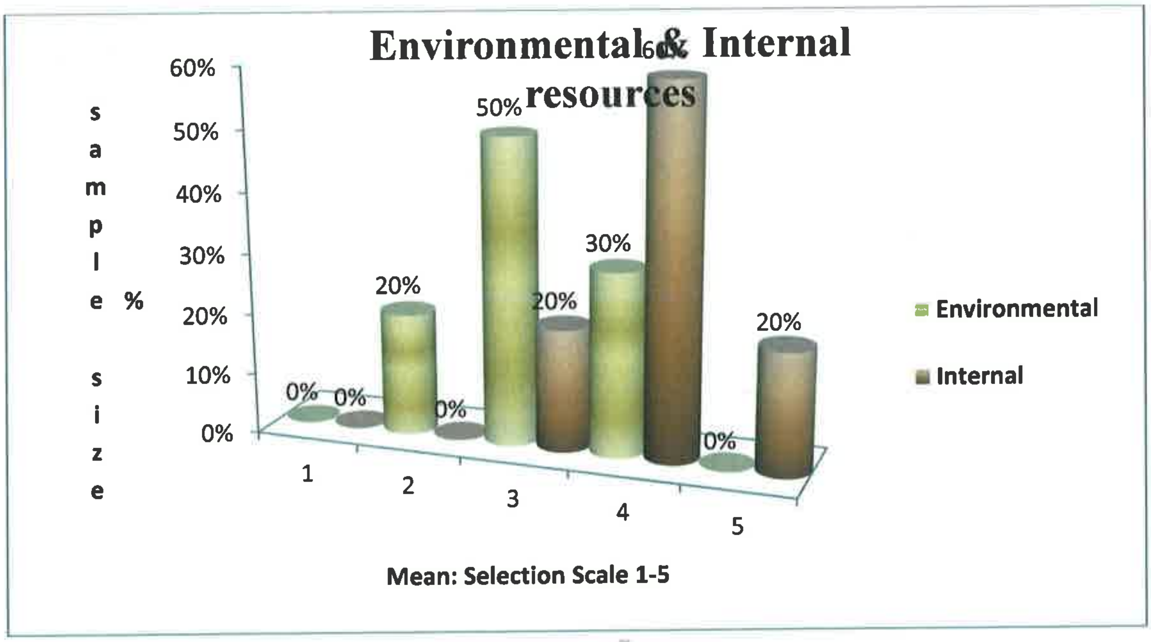


Figure [5.2.1]: Environmental & Internal Resources

Table [5.2.1]: Environmental & Internal resources

Collection, Presentation, and Analysis													
Q.1		**Are Environmental & internal factors considered in PHEIs strategy?**											
Index	**Q**	**AA**	**Description**	**Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	Sub-description					Mean	1	2	3	4	5
1.1	1	1	Environmental factors	4	4	4	4	3.1		20%	50 %	30 %	
1.1	1	2	Internal resources	4	5	5	5	4.0			20 %	60 %	20%
				4	4	4	4	3.5					

Findings:

Environmental factors: The mean of 3.1 indicates a reasonably low adoption of these factors. It is consider this to be accounted to the fact that environmental consciences are a fairly new concept.

Internal resources: The mean of 4.0 indicates that PHEIs, when formulating their strategies, take very seriously into consideration, their internal resources.

1.2 Do the following opportunities and threats, found in the external environment, impact on the PHEIs performance?

Questionnaire [5.2.2]: Environmental & Internal resources

2	Question –	1	2	3	4	5
Q 1.2	**Do these Opportunities and threats impact on performance?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
Opportunities 1	EU Erasmus project			√		
2	Professional courses				√	
3	EU grants and subsidies			√		
4	Research				√	
5	Strategic Alliances				√	
Threats 6	Foreign Universities				√	
7	Distance Learning				√	
8	Public Institutions fee structure					√
9	Technology			√		
10	Regulations			√		
√						

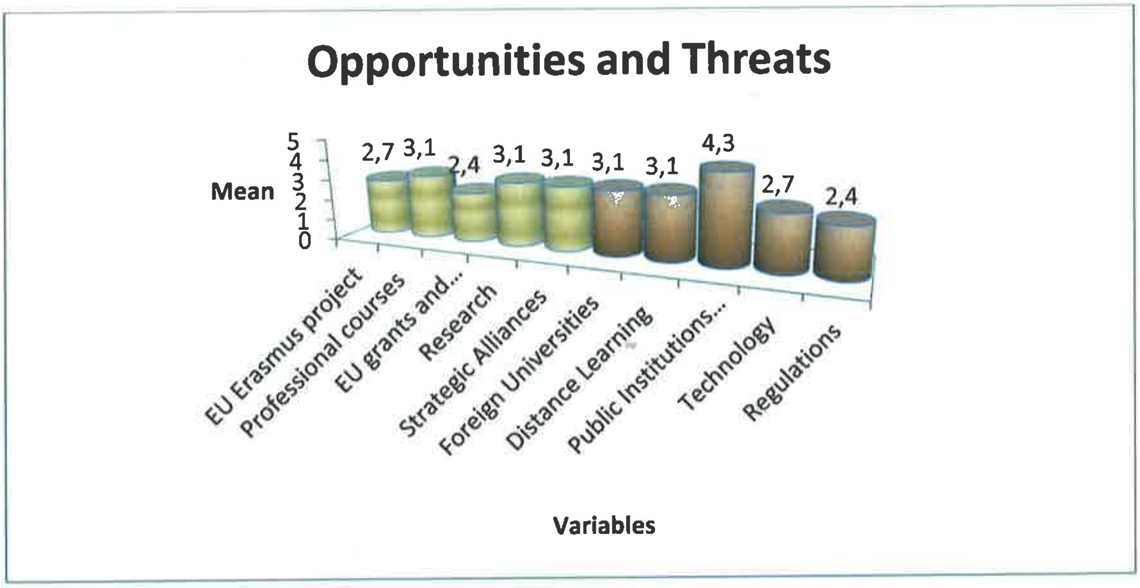


Figure [5.2.2]: Opportunities and Threats

Table [5.2.2]: Opportunities and Threats

Collection, Presentation, and Analysis													
Q.2			Do these Opportunities and threats impact on performance?										
Index	Q	AA	Description	Analysis					Likert Questionnaire Analysis				
											%		
				NUP	LG	NEAPOLIS	EXP	QUE	No	No	Neutral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	Sometimes	Average	A lot	Always
		AA	Sub-description					Mean	1	2	3	4	5
1.2	Opportunities	1	EU Erasmus project	4	3	3	3	2.7	10%	20%	60%	10%	
1.2		2	Professional courses	5	4	3	4	3.1		20%	50%	30%	
1.2		3	EU grants and subsidies	3	3	4	4	2.4	20%	30%	40%	10%	
1.2		4	Research	5	4	4	3	3.1	10%	10%	50%	20%	10%
1.2		5	Strategic Alliances	4	4	5	4	3.1		20%	50%	30%	
1.2	Threats	6	Foreign Universities	4	4	4	5	3.1		20%	50%	30%	
1.2		7	Distance Learning	3	3	2	3	3.1		20%	50%	30%	
1.2		8	Public Institutions fee structure	4	5	5	4	4.3			10%	50%	40%
1.2		9	Technology	3	3	3	4	2.7	10%	20%	60%	10%	
1.2		10	Regulations	3	3	4	3	2.4	20%	30%	40%	10%	
				4	4	4	4	3					

Findings:

The test confirms the importance of the variables. The mean in total is close to 4 which indicate that these variables should be an integral part of any University Business Model. The mixture of strategies to utilise the opportunities and mitigate the threats is a matter to be decided within the Business Model. Set out below indicative comments:

Opportunities:

Professional courses, Research and Strategic Alliances are considered to have an impact on the performance of PHEIs. EU Erasmus and EU grants are not considered to have significant importance based on the public respond, however based on experts these are considered to have higher impact. This gap of perception between the two groups is something that needs further investigation.

Threats:

Based on the findings Public Institutions are the major threat for the performance of Private Institutions. This was what it expect since in Cyprus the Public Institutions offer free education and well paid salaries and so far no concern for financial performance. This is a strong indicator that private universities need to think again about GUI (Government-University-Industry) partnerships not only from the financial perspective but also for all others benefits will be arise from collaborations between GUI.

Foreign Universities and Distance Learning are also important threats for the performance for private universities. Students will be more likely to take distance learning courses later in their academic programs (after their first degree).Private Universities should have to invest on their opportunities by offering also Professional courses , investigating more in Research and Innovations programmes and looking for Strategic alliances between Government and Industry. By using GUI collaborations their biggest threat will be minimized.

1.3 How would you rate the strengths and weaknesses of these PHEIs?

Questionnaire [5.2.3]: Strengths and Weaknesses

3	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 1.3	**Rate the strengths and weaknesses of PHEIs.**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
Strength 1	Quality Professional staff			√		
2	Diversity of courses			√		
3	Buildings			√		
4	Competitive fees		√			
5	English taught programs				√	
6	All of the above			√		
Weaknesses 7	Finance			√		
8	Research		√			
9	Link to industry		√			

10	International ranking		√			
11	Libraries			√		
√						

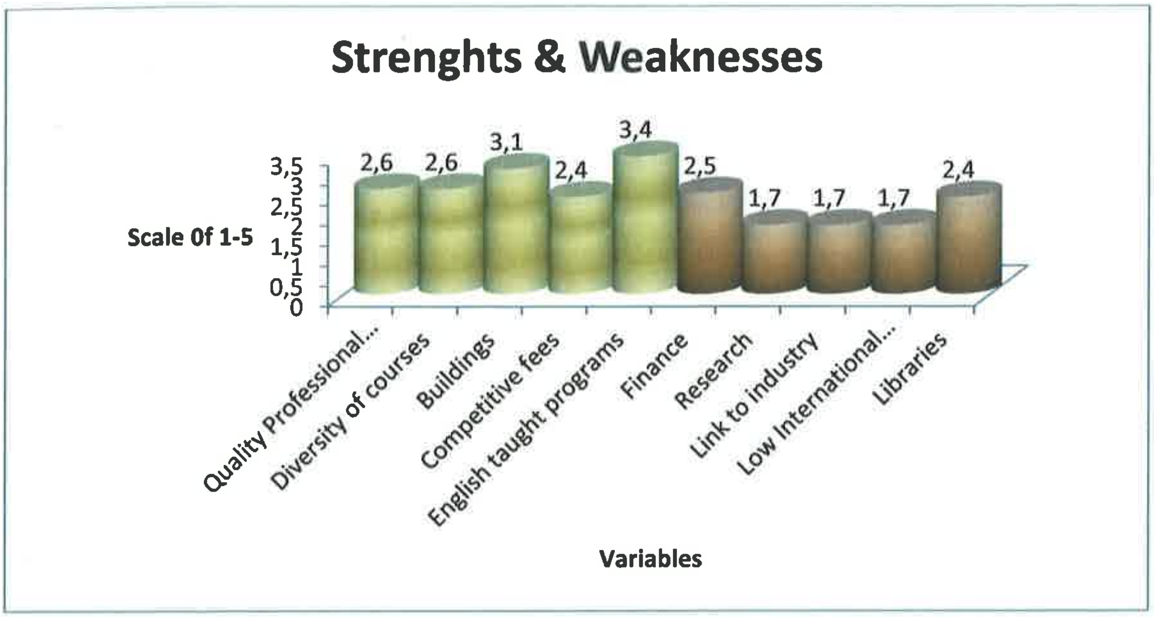


Figure [5.2.3]: Strengths & Weaknesses

Table [5.2.3]: Strengths & Weaknesses

Collection, Presentation, and Analysis														
	Q3			**Rate the strengths and weaknesses of PHEIs**										
	Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
												%		
					NUP	LG	NEAPOLIS	EXP	QUES	No	No	Neutral	Yes	Yes
					Mean 1-5 Likert Q Scale					Not at all	Sometimes	Average	A lot	Always
			AA	Sub-description					Mean	1	2	3	4	5
				Strenghts										
	1.3	3	1	Quality Professional staff	5	4	4	4	2.6	20%	20%	40%	20%	
	1.3	3	2	Diversity of courses	3	3	4	3	2.6	20%	20%	40%	20%	

	1.3	3	3	Buildings	4	3	3	4	3.1		20%	50 %	30 %	
	1.3	3	4	Competitive fees	3	3	4	3	2.4	20 %	20%	60 %		
	1.3	3	5	English taught programs	3	3	3	3	3.4		20%	40 %	20 %	20%
	1.3	3	6	All of the above										
				Weaknesses										
	1.3	3		Finance	3	3	5	4	2.5	20 %	20%	50 %	10 %	
	1.3	3	7	Research	4	4	4	4	1.7	50 %	30%	20 %		
	1.3	3	8	Link to industry	4	4	4	4	1.7	50 %	30%	20 %		
	1.3	3	9	Low International ranking	4	5	5	5	1.7	50 %	30%	20 %		
	1.3	3	10	Libraries	4	4	4	4	2.4	20 %	40%	20 %	20 %	
					4	4	4	4	3					

Findings:

Overall the PHEIs do not seem to have any competitive strength and they have a lot of weaknesses. The above findings should be of particular concern since they would have considerable impact of the strategic positioning, product design, investment and asset allocation, designing of strategic alliances, the quality of its staff and courses.

Q.2 Competitive environment

Do the following competitive forces influence competition in the Cyprus PHEIs?

Questionnaire [5.2.4]: Competitive Forces influence competition

4	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 2.1	**Do the following competitive forces influence competition?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	New PHEIs entrants from EU				√	
2	Cypriots options to study overseas				√	
3	Rivalry among PHEIs			√		
4	Public Institutions salary structure					√
5	Cost of living			√		
6	Unregulated fees			√		
7	Specialized courses				√	
8	Strategic alliances				√	
√						

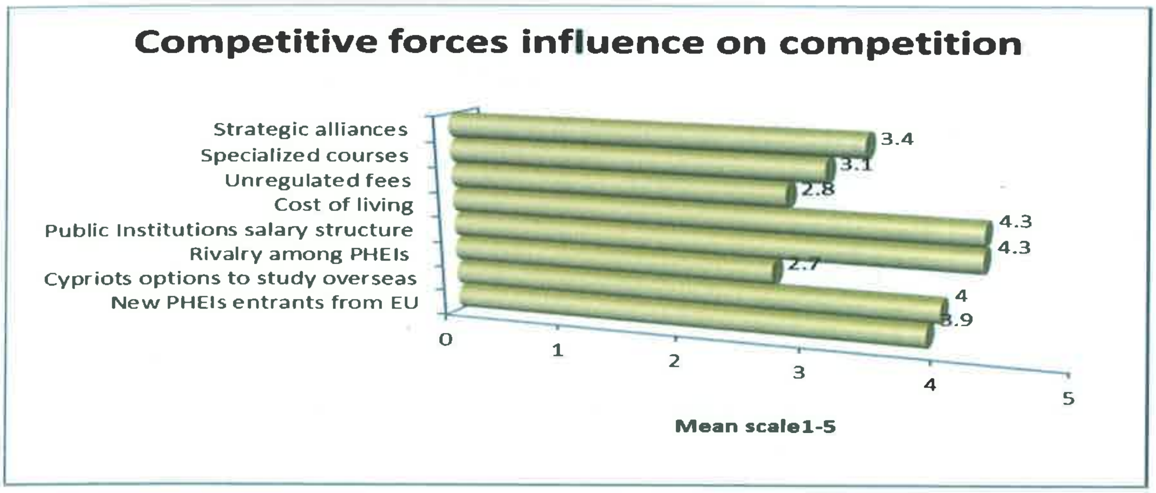


Figure [5.2.4]: Competitive forces influence on competition

Table [5.2.4]: Competitive forces influence on competition

Collection, Presentation, and Analysis													
Q4		**How do the following competitive forces influence competition?**											
Index	**Q**	**AA**	**Description**	**Statistical Analysis**				**s**	**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
2.1	4	1	New PHEIs entrants from EU	5	4	4	4	3.9			30%	50%	20%
2.1	4	2	Cypriots options to study overseas	5	5	4	4	4			20%	60%	20%
2.1	4	3	Rivalry among PHEIs	5	4	4	4	2.7	20%	20%	40%	10%	10%
2.1	4	4	Public Institutions salary structure	5	5	5	4	4.3			20%	30%	50%
2.1	4	5	Cost of living	4	4	3	4	4.3			20%	30%	50%
2.1	4	6	Unregulated fees	3	3	3	4	2.8	10%	20%	50%	20%	
2.1	4		Specialized courses	3	3	4	3	3.1		20%	50%	30%	
2.1	4	7	Strategic alliances	4	4	4	4	3.4		10%	50%	30%	10%
				4	4	4	4	4					

Findings:

The findings indicate the importance of the selected factors in influencing the competitive forces of the PHEIs market. It is worth mentioning that some of the above factors are external to the PHEIs, systematic, while others are within their strategic options. In general it can conclude that the market is very competitive.

2.1 How far do the following competitive forces affect the profitability among PHEIs?

Questionnaire [5.2.5]: Profitability Business Model

5	Question –	1	2	3	4	5
Q 2.2	**How far do the following competitive forces impact on profitability?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	New PHEIs entrants from EU				√	
2	Cypriots options to study overseas				√	
3	Rivalry among PHEIs				√	
4	Public Institutions salary structure					√
5	Cost of living				√	
6	Unregulated fees			√		
7	Specialized courses			√		
8	Strategic alliances			√		
				√		
√						

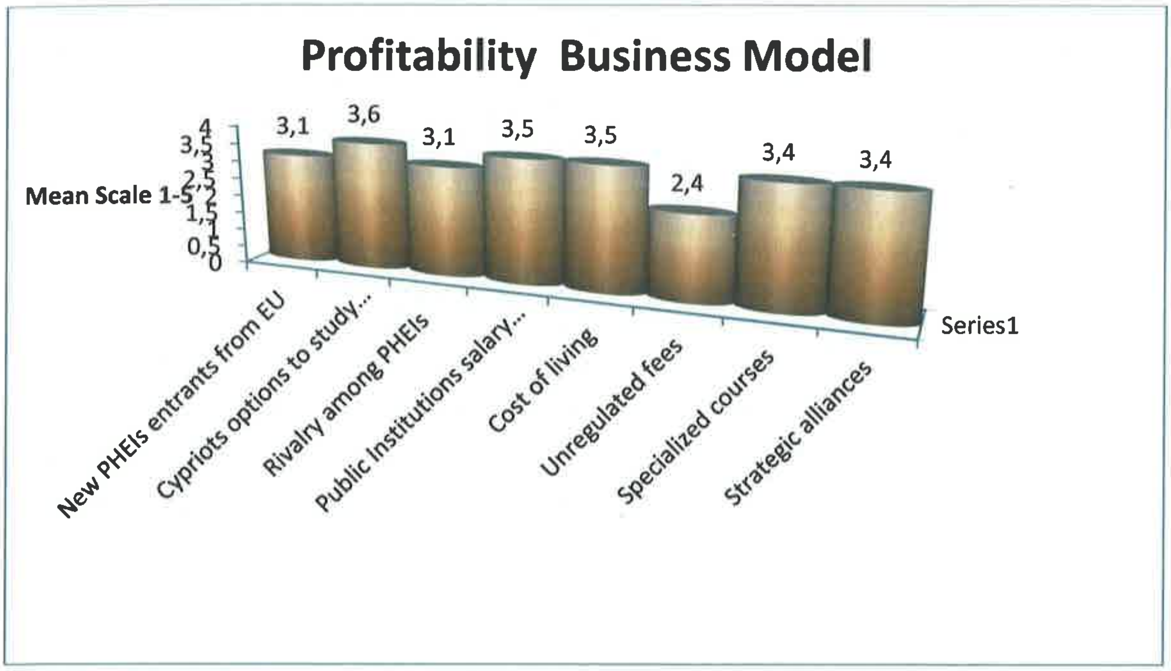


Figure [5.2.5]: Profitability Business Model

Table [5.2.5]: Profitability Business Model

Collection, Presentation, and Analysis													
Q5			**How do the following competitive forces impact on profitability?**										
Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
2.2	5	1	New PHEIs entrants from EU	3	4	4	3	3.1		20%	50 %	30 %	
2.2	5	2	Cypriots options to study overseas	4	3	4	3	3.6		10%	40 %	30 %	20%
2.2	5	3	Rivalry among PHEIs	5	4	4	4	3.1		20%	50 %	30 %	

	2.2	5	4	Public Institutions salary structure	5	5	5	4	3.5		20%	30 %	30 %	20%
	2.2	5	5	Cost of living	4	3	4	4	3.5		20%	30 %	30 %	20%
	2.2	5	6	Unregulated fees	4	3	3	3	2.4	20 %	30%	40 %	10 %	
	2.2	5		Specialized courses	3	4	4	3	3.4		20%	40 %	20 %	20%
	2.2	5	7	Strategic alliances	3	3	3	3	3.4		20%	40 %	20 %	20%
					4	4	4	3.5	3.5					

Findings:

The Findings indicate that Profitability is influenced with regard to Income by factors such as: competition by new PHEIs to the market, rivalry among PHEIs, unregulated fees, and to costs mainly by: the increased cost of living and the Public Institutions salary structures. However the PHEIs Business model is basically an Income generated model and thus the institutions should focus to keep low fixed overheads in order to have a flexible strategy to meet an easy break-even mark. This would entail flexible competitive pricing and controllable and fully utilisation of the teaching staff, premises, and other internal resources.

Q.3 Strategic resources

3.1 Do the PHEIs possess the following strategic internal resources?

Questionnaire [5.2.6]: Strategic internal resources

6	Question –	1	2	3	4	5
Q 3.1	**The strategic internal resources of the PHEIs.**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Financial			√		
2	Buildings/assets			√		
3	Customer relationship management		√			
4	Technology support			√		
5	Quality Professors		√			
6	Teaching material and support		√			
7	Recognised biliqual qualifications			√		
8	Student union facilities			√		
9	Libraries			√		
10	Strategic alliances		√			
11	Brand names		√			
√						

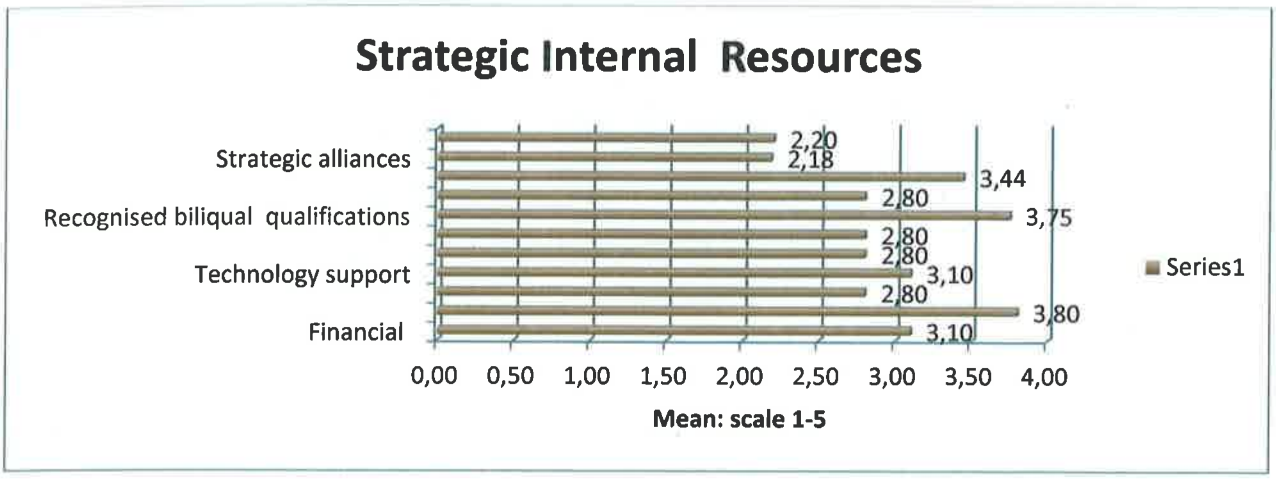


Figure [5.2.6]: Strategic Internal Resources

Table [5.2.6]: Strategic Internal Resources

Collection, Presentation, and Analysis													
Q.6			**The strategic internal resources of the PHEIs.**										
Inde x	**Q**	**A A**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NE AP O LI S**	**E X P**	**QU ES**	**No**	**No**	**Neu tral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**So meti mes**	**Ave rag e**	**A lot**	**Alway s**
		A A	**Sub-description**					**Mea n**	**1**	**2**	**3**	**4**	**5**
3.1	6	1	Financial	3	3	3	3	3.10	20 %	20%	50 %	10 %	
3.1	6	2	Buildings/assets	3	4	3	4	3.80		20%	60 %	20 %	
3.1	6	3	Customer relationship management	2	1	1	1	2.80	30 %	20%	40 %	10 %	
3.1	6	4	Technology support	3	3	3	3	3.10	20 %	20%	50 %	10 %	
3.1	6	5	Quality Professors	3	2	2	2	2.80	30 %	20%	40 %	10 %	
3.1	6	6	Teaching material and support	3	2	3	3	2.80	30 %	20%	40 %	10 %	
3.1	6	7	Recognised	4	4	4	4	3.75		20%	40	20	20%

				biliqual qualifications								%	%	
	3.1	6	8	Student union facilities	2	3	3	3	2.80	30 %	20%	40 %	10 %	
	3.1	6	9	Libraries	2	2	3	3	3.44		30%	50 %	10 %	10%
	3.1	6	10	Strategic alliances	2	2	2	2	2.18	50 %	20%	20 %	10 %	
	3.1	6	11	Brand names	2	2	2	2	2.20	50 %	20%	20 %	10 %	
					2	2	2	3	3					

Findings:

The findings indicate that the PHEIs do not possess any distinctive internal resources. This should be of particular concern to the designers as these would restrict the PHEIs opportunities to develop competitive advantage. On the other hand it is an opportunity to focus improvement in these areas and thus to improve profitability.

3.2 How far is the following strategies part of the strategic business development of the PHEIs?

Questionnaire [5.2.7]: Strategic Business Development

7	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 3.2	**Strategic business development**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Value added services			√		
2	Competitive Pricing		√			
3	New products			√		
4	New markets			√		
√						

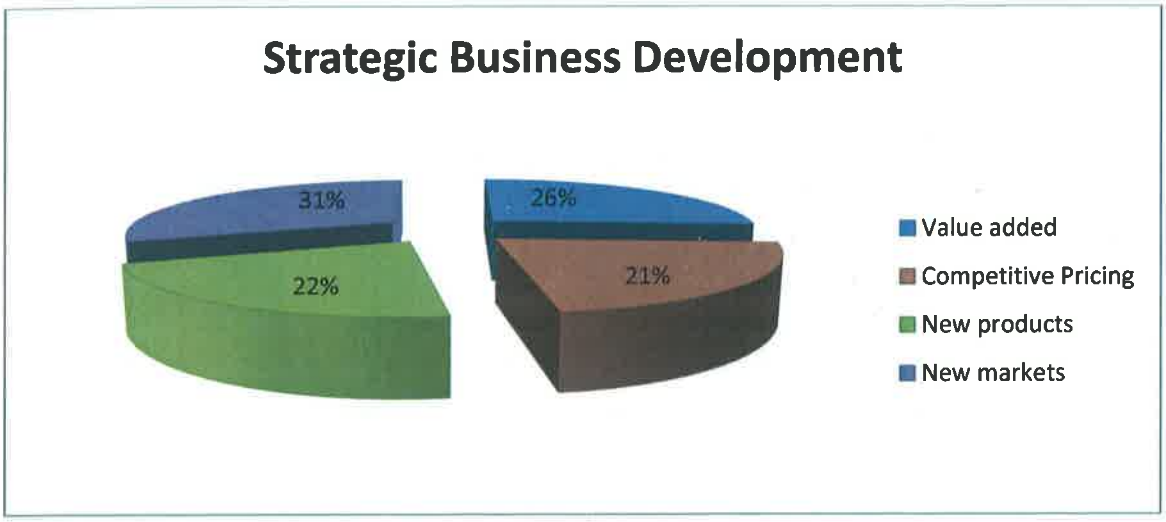


Figure [5.2.7]: Strategic Business Development

Table [5.2.7]: Strategic Business Development

Collection, Presentation, and Analysis													
Q.7		**Strategic business development**											
Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
3.2	7	1	Value added	4	4	3	3	2.90		30%	50 %	20 %	
3.2	7	2	Competitive Pricing	3	3	2	2	2.40	20 %	30%	40 %	10 %	
3.2	7	3	New products	3	3	3	4	2.40	20 %	30%	40 %	10 %	
3.2	7	4	New markets	3	3	3	4	3.40		20%	30 %	40 %	10%
				3	3	3	4	2.5					

Findings:

The research indicates that the PHEIs do not have a structured business development strategy. These set of strategies are important part for the success of any growing organisation and it should be of concern if the PHEIs are to improve on increasing the market and their share. Efforts have seen recently by the PHEIs to enter the Greek and the Russian market with courses in law and finance. For the local market the Neapolis introducing theology and psychology courses as well as entering into partnership with the Aegean University and Pantios Sxoli. Other local PHEIs have introduced courses in energy and gas.

Q.4 Strategic Positioning

4.1 How do PHEIs in Cyprus position themselves in the higher education industry?

Questionnaire [5.2.8]: Strategic Positioning

8	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 4.1	**Strategic Positioning**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Locally focus			√		
2	Internationalisation		√			
3	Competitive pricing			√		
4	Specialist providers		√			
5	Innovative modes of delivery		√			
6	Centres of excellence		√			
7	Research strength		√			
8	Part-time providers			√		
9	Distance learning		√			
√						

Figure [5.2.8]: Strategic Positioning

Table [5.2.8]: Strategic Positioning

Collection, Presentation, and Analysis													
Q. 8			**Strategic Positioning**										
Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
4.1	8	1	Locally focus	4	3	3	3	3.10		20%	50 %	30 %	
4.1	8	2	Internationalisation	1	3	3	2	2.60	20 %	20%	40 %	20 %	
4.1	8	3	Competitive pricing	2	3	2	2	2.40	20 %	30%	40 %	10 %	
4.1	8	4	Specialist providers	2	2	3	2	2.20	30 %	30%	30 %	10 %	
4.1	8	5	Innovative modes of delivery	1	2	2	2	2.20	30 %	30%	30 %	10 %	

	4.1	8	6	Centres of excellence	2	2	3	2	2.20	30 %	30%	30 %	10 %	
	4.1	8	7	Research strength	1	1	1	1	1.60	50 %	40%	10 %		
	4.1	8	8	Part-time providers	3	3	3	3	2.60	20 %	20%	40 %	20 %	
	4.1	8	9	Distance learning	2	2	2	2	2.60	20 %	20%	40 %	20 %	
					2	3	3	2	2.5					

Findings:

The results indicate that the PHEIs have not positioned, as yet, any distinctive competitive advantages. In this respect it is not easy to predict how these units would be able to perform successfully and profitably. With regard to the local market it must be noted that this is considerably small and not sufficient for profitable business particularly if it has to be shared to all those new entrants.

4.2 What generic positioning strategies do they adopt?

Questionnaire [5.2.9]: Generic positioning strategies

9	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 4.2	**What generic positioning strategies do they adopt?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Locally focus				√	
2	Internationalisation			√		
3	Competitive pricing			√		
4	Specialist providers			√		
5	Innovative modes of delivery		√			
√						

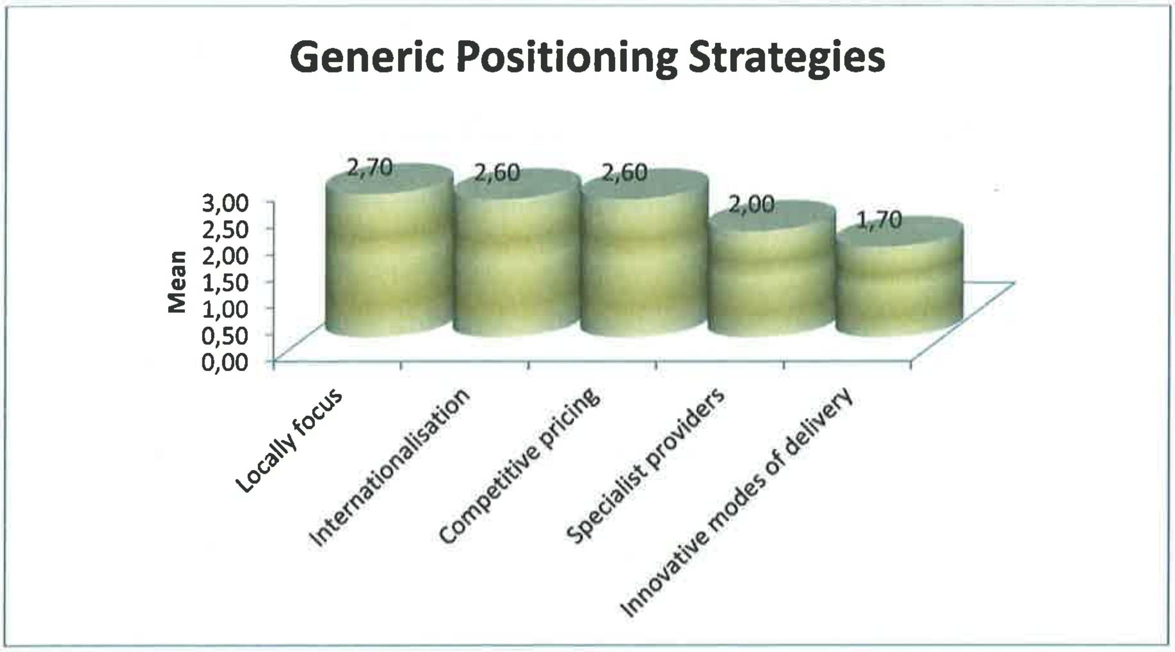


Figure [5.2.9]: Generic Positioning Strategies

Table [5.2.9]: Generic Positioning Strategies

			Collection, Presentation, and Analysis										
Q9			**What generic positioning strategies do they adopt?**										
INDEX	**Q**	**AA**	**DESCRIPTION**	**STATISTICAL ANALYSIS**					**LIKERT QUESTIONNAIRE ANALYSIS**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	Sub-description					Mean	1	2	3	4	5
4.2	9	1	Locally focus	3	3	3	2	2.70	10 %	30%	40 %	20 %	
4.2	9	2	Internationalisation	3	3	2	2	2.60	20 %	20%	40 %	20 %	
4.2	9	3	Competitive pricing	3	3	3	2	2.60	20 %	20%	40 %	20 %	
4.2	9	4	Specialist providers	3	2	2	2	2.00	30 %	40%	30 %		
4.2	9	5	Innovative modes of delivery	1	1	1	1	1.70	50 %	30%	20 %		
				3	3	3	2	2.5					

Findings:

The results indicate that the PHEIs are locally focus and use pricing as a strategy to gain a market share. It seems also in a lesser extent their efforts to enter into the International market and also to focus in specialised products.

Q.5 Competencies

5.1 What distinctive competencies do PHEIs possess?

Questionnaire [5.2.10]: Competitive advantage

10	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 5.1	**What Distinctive competencies do PHEIs possess?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Competitive pricing			√		
2	Differentiation			√		
3	International accreditations		√			
4	Quality Research programs		√			
5	Recognised Quality standards		√			
6	Professionally recognised courses			√		
7	Industry co operation		√			
√						

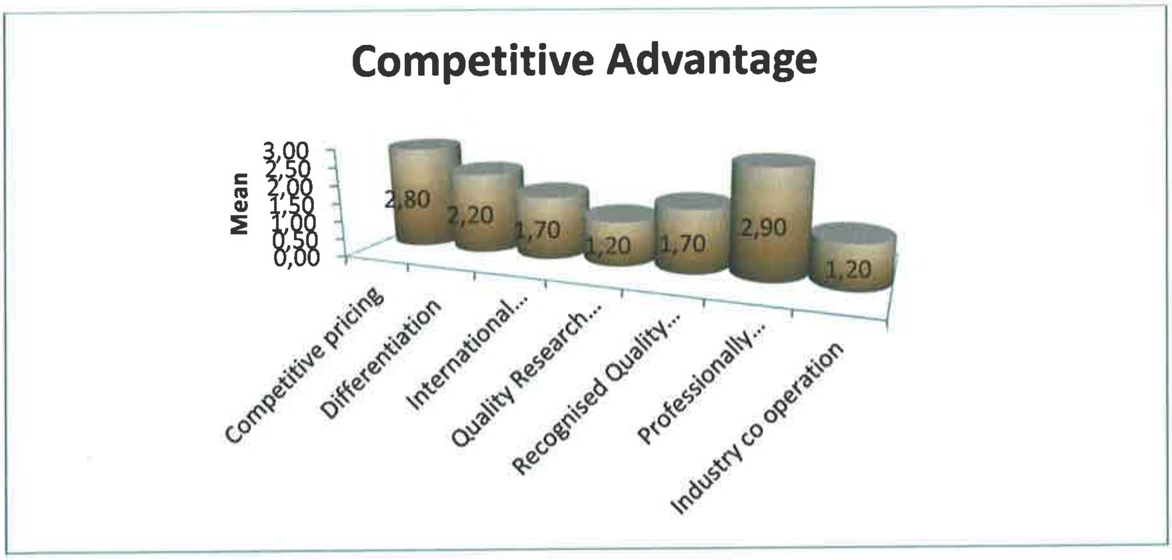


Figure [5.2.10]: Competitive Advantage

Table [5.2.10]: Competitive Advantage

Collection, Presentation, and Analysis													
Q.10		**What Distinctive competencies do PHEIs possess?**											
Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
5.1	10	1	Competitive pricing	2	3	3	3	2.80	10 %	20%	50 %	20	
5.1	10	2	Differentiation	2	3	2	2	2.20	30 %	30%	30 %	10 %	
5.1	10	3	International accreditations	2	3	2	2	1.70	50 %	30%	20 %		
5.1	10	4	Quality Research programs	2	1	2	1	1.20	80 %	20%			
5.1	10	5	Recognised Quality standards	2	1	2	1	1.70	50 %	30%	20 %		
5.1	10	6	Professionally recognised courses	4	4	4	4	2.90		30%	50 %	20 %	
5.1	10	7	Industry co operation	1	1	1	1	1.20	80 %	20%			
				2	3	2	2	2					

Findings:

The research indicates that the PHEIs do not have any distinctive competences. The main reason for this seems to be the fact they do not have any distinctive internal resources. The mean results are very low and it is apparent that the PHEIs probably would not be able to position themselves in the market competitively and consequently profitably. The Professionally recognised courses is an area where the PHEIs have the opportunity to compete successfully and profitably since these courses have a wider market perspective , more competitive pricing, and can also be attracted to International students.

5.2 Do the PHEIs exploit their distinctive competencies to gain competitive advantage?

Questionnaire [5.2.11]: Use of Competitive advantage

11	Question –	1	2	3	4	5
Q 5.2	Do the PHEIs exploit their Distinctive competencies to gain competitive advantage?	No	No	Neutral	Yes	Yes
		Not at all	Sometimes	Average	A lot	Always
1	Competitive pricing			√		
2	Differentiation		√			
3	International accreditations			√		
4	Quality Research programs	√				
5	Recognised Quality standards		√			
6	Professionally recognised courses				√	
7	Industry co operation	√				
√						

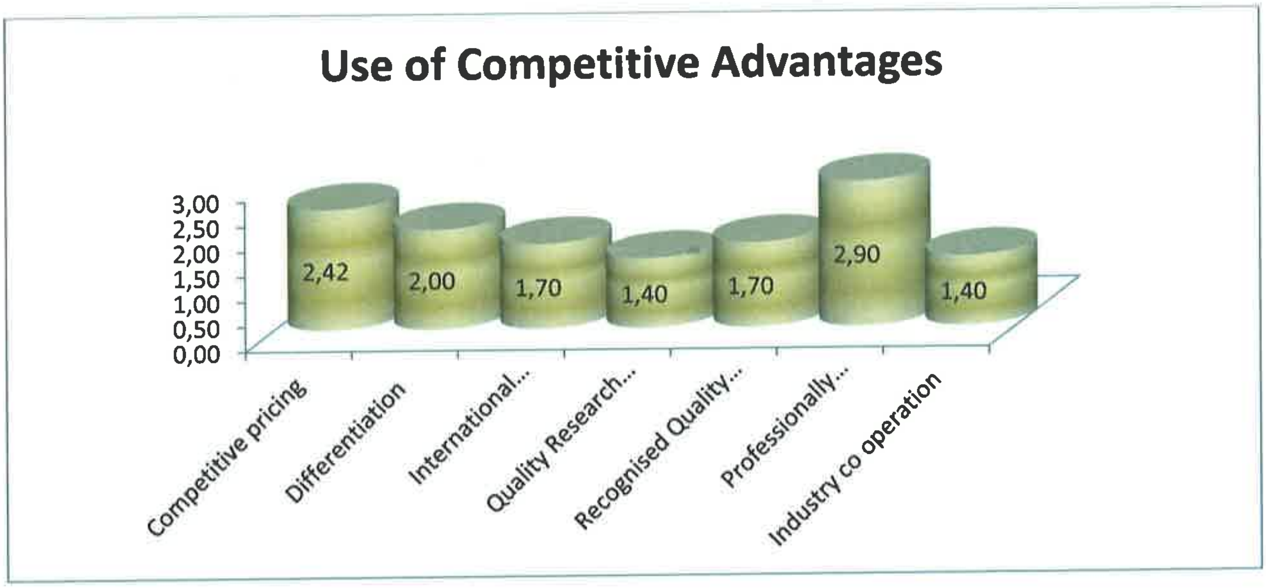


Figure [5.2.11]: Use of Competitive Advantages

Table [5.2.11]: Use of Competitive Advantages

Collection, Presentation, and Analysis														
	Q.11			**Do the PHEIs exploit their Distinctive competencies to gain competitive advantage?**										
	Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
												%		
					NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
					Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
			AA	Sub-description					Mean	1	2	3	4	5
	5.2	11	1	Competitive pricing	3	3	3	3	2.42	30 %	30%	40 %	20 %	
	5.2	11	2	Differentiation	3	2	2	2	2.00	30 %	40%	30 %		
	5.2	11	3	International accreditations	2	3	2	2	1.70	50 %	30%	20 %		
	5.2	11	4	Quality Research programs	2	1	1	2	1.40	70 %	20%	10 %		
	5.2	11	5	Recognised Quality standards	2	2	2	2	1.70	50 %	30%	20 %		
	5.2	11	6	Professionally recognised courses	4	4	4	4	2.90		30%	50 %	20 %	
	5.2	11	7	Industry co operation	1	1	1	1	1.40	70 %	20%	10 %		
					3	2	2	2	2					

Findings:

The findings indicate that the PHEIs do not exploit Distinctive competencies to gain competitive advantage. The low mean is attributable to the fact that the PHEIs do not possess competitive advantages, as a result of insufficient internal resources.

Q.6 Sustainability

6.1 Is the competitive advantage of PHEIs sustainable?

Questionnaire [5.2.12]: Sustainable Competitive Advantage

12	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 6.1	**Sustainable competitive advantage**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Is competitive advantage sustainable			√		
√						

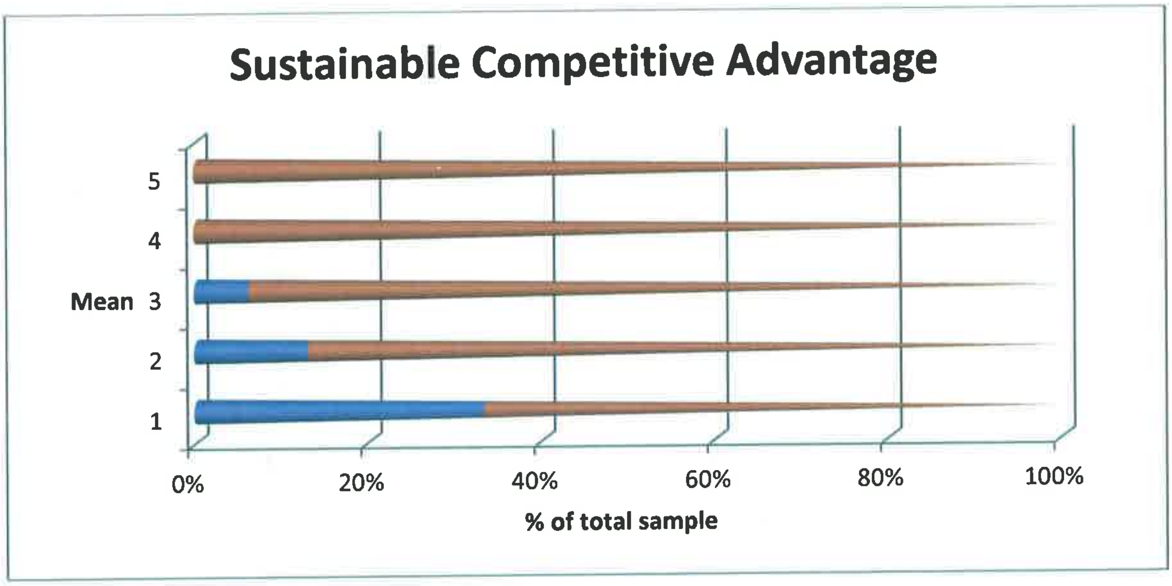


Figure [5.2.12]: Sustainable Competitive Advantage

Table [5.2.12]: Sustainable Competitive Advantage

Collection, Presentation, and Analysis												
Q.12		**Sustainable competitive advantage**										
Inde x	**Q**	**A A**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**			
											%		
				NUP	LG	NE AP OL IS	E XP	QU ES	No	No	Neu tral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	Som etim es	Ave rage	A lot	Alway s
		A A	Sub-description					Mea n	1	2	3	4	5
6.1	12	1	Is competitive advantage sustainable	2	2	2	2	1.70	50 %	30%	20 %		
				2	2	2	2	2					

Findings:

The findings suggest that competitive advantage is not sustainable and that the PHEIs should continuously maintain and improving their internal resources.

Q.7 Financial success

7.1 How would you define market success, of PHEIs, in the higher education industry?

Questionnaire [5.2.13]: Define Market Success

13	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 7.1	**Define market success.**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Market share growth				√	
2	Sustainable EBITDA				√	
3	Contribution to the community			√		
4	Research grants			√		
5	Graduates employment rate			√		
6	Approved and certified programs			√		
√						

Figure [5.2.13]: Define Market Success

Table [5.2.13]: Define Market Success

Collection, Presentation, and Analysis													
Q.13		**Define market success.**											
Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
											%		
				NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
				Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
		AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
7.1	13	1	Market share growth	4	3	4	4	3.90			30 %	50 %	20%
7.1	13	2	Sustainable EBITDA	5	3	4	4	3.90			30 %	50 %	20%
7.1	13	3	Contribution to the community	3	3	4	3	2.90		40%	30 %	30 %	
7.1	13	4	Research grants	4	3	3	3	2.90		40%	30 %	30 %	
7.1	13	5	Graduates employment rate	4	3	3	3	2.90		40%	30 %	30 %	
7.1	13	6	Approved and certified programs	4	4	4	4	3.90			30 %	50 %	20%
				4	3	4	4	4					

Findings:

The findings indicate that the PHEIs success is not measured by profit alone and that other factors are equally important such as the contribution to the community. From the perspective of the business important key performance indicators are the graduate's employment rate, and the approved and certified programs. The financial indicators market growth rate and EBITDA are essential indicators to provide sustainable growth and return on capital employed.

7.2What are the key factors that bring about market success to these institutions?

Questionnaire [5.2.14]: Factors that bring Market success

14	Question –	1	2	3	4	5
Q 7.2	What are the key factors that bring market success?	No	No	Neutral	Yes	Yes
		Not at all	Sometimes	Average	A lot	Always
1	Market share growth				√	
2	Premium pricing				√	
3	Cost efficiencies				√	
4	Low financial leverage					√
√						

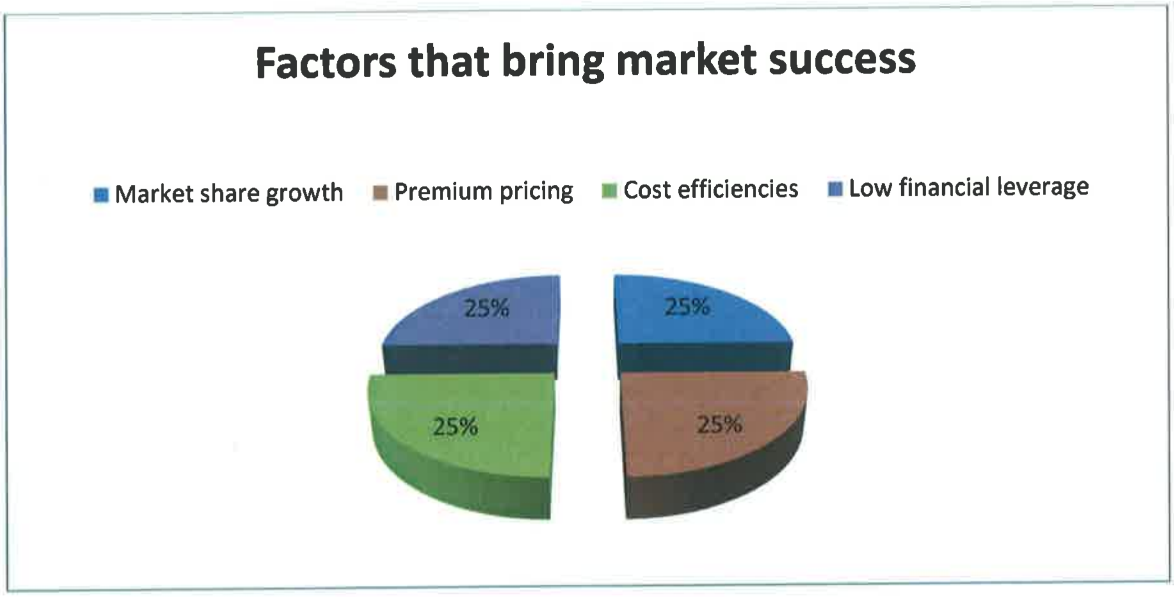


Figure [5.2.14]: Factors that bring market success

Table [5.2.14]: Factors that bring market success

Collection, Presentation, and Analysis													
Q.14		**What are the key factors that bring market success?**											
Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
											%		
				DINENIS	LG	NEAPOLIS	EXP	QUES	No	No	Neutral	Yes	Yes
				Mean 1-5 Likert Q Scale					Not at all	Sometimes	Average	A lot	Always
		AA	Sub-description					Mean	1	2	3	4	5
7.2	14	1	Market share growth	5	4	4	4	3.90			30 %	50 %	20%
7.2	14	2	Premium pricing	4	4	4	4	3.90			30 %	50 %	20%
7.2	14	3	Cost efficiencies	4	4	4	4	3.90			30 %	50 %	20%
7.2	14	4	Low financial leverage	5	5	5	5	4			30 %	50 %	20%

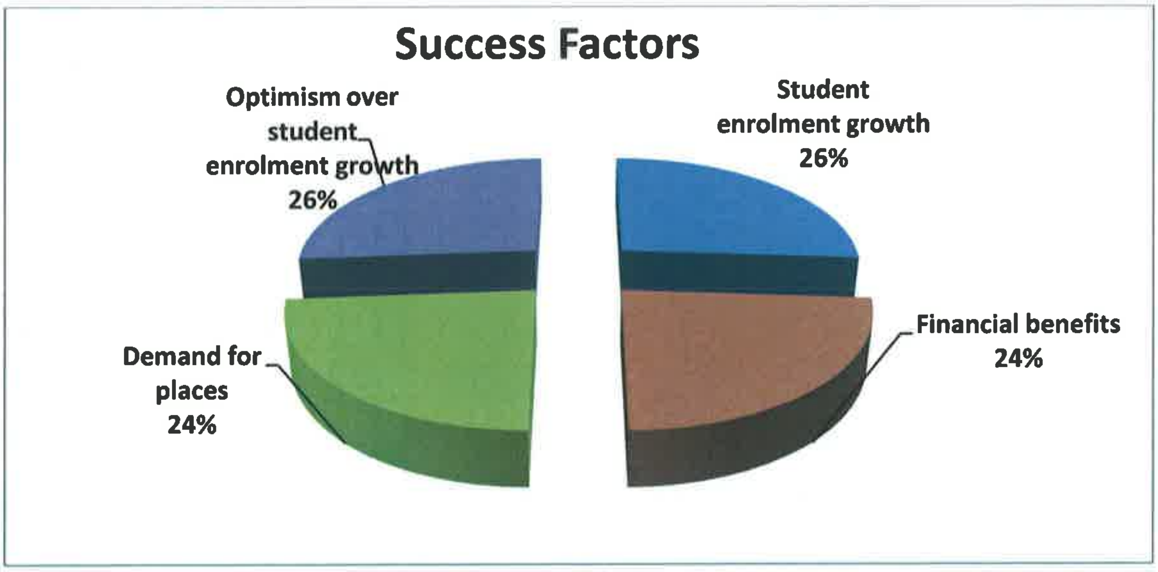
Findings:

The research indicates that financial success is a combination of key performance indicators such as: market share growth, premium pricing, cost efficiencies and low financial leverage.

How successful are PHEIs in terms of student enrolment growth, financial benefits, demand for places, and optimism over student enrolment growth?

Questionnaire [5.2.15]: Success factors

15	Question –	1	2	3	4	5
Q 7.3		No	No	Neutral	Yes	Yes
	How successful are PHEIs in terms of the following:	**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
1	student enrolment growth			√		
2	financial benefits		√			
3	demand for places		√			
4	optimism over student enrolment growth			√		
√						



Figure[5.2.15]: Success Factors

Table [5.2.15]: Success Factors

	Collection, Presentation, and Analysis													
	Q15		**How successful are PHEIs in terms of the following:**											
	Index	**Q**	**AA**	**Description**	**Statistical Analysis**					**Likert Questionnaire Analysis**				
												%		
					NUP	**LG**	**NEAPOLIS**	**EXP**	**QUES**	**No**	**No**	**Neutral**	**Yes**	**Yes**
					Mean 1-5 Likert Q Scale					**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
			AA	**Sub-description**					**Mean**	**1**	**2**	**3**	**4**	**5**
	7.3	15	1	student enrolment growth	4	3	3	3	2.40	20%	30%	40%	10%	
	7.3	15	2	financial benefits	3	2	2	3	2.20	30%	30%	30%	10%	
	7.3	15	3	demand for places	2	2	2	2	2.20	30%	30%	30%	10%	
	7.3	15	4	optimism over student enrolment growth	3	3	3	2	2.40	20%	30%	40%	10%	
					3	3	2	2	2					

Findings:

The research indicates that the PHEIs have not as yet reached the position of success and that the environment is still very competitive.

Appendix B: Questionnaire summarised analysis

			QUESTIONNAIRE-MASTER TABLE - SUMMARISED ANALYSIS		QUESTIONNAIRE ANALYSIS					
				Mean	QUESTIONNAIRE ANALYSIS					
INDEX	Q	AA	Description		1,00	2,00	3,00	4,00	5,00	TOTAL
					Sample response to Question					
			Environmental & internal resources							
1,1	1	1	Environmental factors	3,1	0,00	0,20	0,50	0,30	0,00	1,00
1,1	1	2	Internal resources	4,0	0,00	0,00	0,20	0,60	0,20	1,00
			Opportunities and Threats							
1,2	2	1	EU Erasmus project	2,7	0,10	0,20	0,60	0,10	0,00	1,00
1,2	2	2	Professional courses	3,1	0,00	0,20	0,50	0,30	0,00	1,00
1,2	2	3	EU grants and subsidies	2,4	0,20	0,30	0,40	0,10	0,00	1,00
1,2	2	4	Research	3,1	0,10	0,10	0,50	0,20	0,10	1,00
1,2	2	5	Strategic Alliances	3,1	0,00	0,20	0,50	0,30	0,00	1,00
1,2	2	6	All of the above	3,1	0,00	0,20	0,50	0,30	0,00	1,00
1,2	2	7	Foreign Universities	3,1	0,00	0,20	0,50	0,30	0,00	1,00
1,2	2	8	Distance Learning	3,1	0,00	0,20	0,50	0,30	0,00	1,00
1,2	2	9	Public Institutions fee structure	4,3	0,00	0,00	0,10	0,50	0,40	1,00
1,2	2	10	Technology	2,7	0,10	0,20	0,60	0,10	0,00	1,00
1,2	2	11	Regulations	2,4	0,20	0,30	0,40	0,10	0,00	1,00
			Strenghts and Weaknesses							
1,3	3	1	Quality Professional staff	2,6	0,20	0,20	0,40	0,20	0,00	1,00
1,3	3	2	Diversity of courses	2,6	0,20	0,20	0,40	0,20	0,00	1,00
1,3	3	3	Buildings	3,1	0,00	0,20	0,50	0,30	0,00	1,00
1,3	3	4	Competitive fees	2,4	0,20	0,20	0,60	0,00	0,00	1,00
1,3	3	5	English taught programs	3,4	0,00	0,20	0,40	0,20	0,20	1,00
1,3	3	6	Finance	2,5	0,20	0,20	0,50	0,10	0,00	1,00
1,3	3	7	Research	1,7	0,50	0,30	0,20	0,00	0,00	1,00
1,3	3	8	Link to industry	1,7	0,50	0,30	0,20	0,00	0,00	1,00
1,3	3	9	Low International ranking	1,7	0,50	0,30	0,20	0,00	0,00	1,00
1,3	3	10	Libraries	2,4	0,20	0,40	0,20	0,20	0,00	1,00
			Strenghts and Weaknesses							
2,1	4	1	New PHEIs entrants from EU	3,9	0,00	0,00	0,30	0,50	0,20	1,00
2,1	4	2	Cypriots options to study overseas	4	0,00	0,00	0,20	0,60	0,20	1,00
2,1	4	3	Rivalry among PHEIs	2,7	0,20	0,20	0,40	0,10	0,10	1,00
2,1	4	4	Public Institutions salary structure	4,3	0,00	0,00	0,20	0,30	0,50	1,00
2,1	4	5	Cost of living	4,3	0,00	0,00	0,20	0,30	0,50	1,00
2,1	4	6	Unregulated fees	2,8	0,10	0,20	0,50	0,20	0,00	1,00
2,1	4	7	Specialized courses	3,1	0,00	0,20	0,50	0,30	0,00	1,00
2,1	4	8	Strategic alliances	3,4	0,00	0,10	0,50	0,30	0,10	1,00
			Competetive forces							

2,2	5	1	New PHEIs entrants from EU	3,1	0,00	0,20	0,50	0,30	0,00	1,00
2,2	5	2	Cypriots options to study overseas	3,6	0,00	0,10	0,40	0,30	0,20	1,00
2,2	5	3	Rivalry among PHEIs	3,1	0,00	0,20	0,50	0,30	0,00	1,00
2,2	5	4	Public Institutions salary structure	3,5	0,00	0,20	0,30	0,30	0,20	1,00
2,2	5	5	Cost of living	3,5	0,00	0,20	0,30	0,30	0,20	1,00
2,2	5	6	Unregulated fees	2,4	0,20	0,30	0,40	0,10	0,00	1,00
2,2	5	7	Specialized courses	3,4	0,00	0,20	0,40	0,20	0,20	1,00
2,2	5	8	Strategic alliances	3,4	0,00	0,20	0,40	0,20	0,20	1,00
			Competetive forces							
3,1	6	1	Financial	3,10	0,20	0,20	0,00	0,50	0,10	1,00
3,1	6	2	Buildings/assets	3,80	0,00	0,20	0,00	0,60	0,20	1,00
3,1	6	3	Customer relationship management	2,80	0,30	0,20	0,00	0,40	0,10	1,00
3,1	6	4	Technology support	3,10	0,20	0,20	0,00	0,50	0,10	1,00
3,1	6	5	Quality Professors	2,80	0,30	0,20	0,00	0,40	0,10	1,00
3,1	6	6	Teaching material and support	2,80	0,30	0,20	0,00	0,40	0,10	1,00
3,1	6	7	Recognised biliqual qualifications	3,75	0,00	0,20	0,00	0,40	0,20	0,80
3,1	6	8	Student union facilities	2,80	0,30	0,20	0,00	0,40	0,10	1,00
3,1	6	9	Libraries	3,44	0,00	0,30	0,00	0,50	0,10	0,90
3,1	6	10	Strategic alliances	2,18	0,50	0,30	0,00	0,20	0,10	1,10
3,1	6	11	Brand names	2,20	0,50	0,20	0,00	0,20	0,10	1,00
			Internal resources							
3,2	7	1	Value added	2,90	0,00	0,30	0,50	0,20	0,00	1,00
3,2	7	2	Competitive Pricing	2,40	0,20	0,30	0,40	0,10	0,00	1,00
3,2	7	3	New products	2,40	0,20	0,30	0,40	0,10	0,00	1,00
3,2	7	4	New markets	3,40	0,00	0,20	0,30	0,40	0,10	1,00
			Internal resources							
4,1	8	1	Locally focus	3,10	0,00	0,20	0,50	0,30	0,00	1,00
4,1	8	2	Internationalisation	2,60	0,20	0,20	0,40	0,20	0,00	1,00
4,1	8	3	Competitive pricing	2,40	0,20	0,30	0,40	0,10	0,00	1,00
4,1	8	4	Specialist providers	2,20	0,30	0,30	0,30	0,10	0,00	1,00
4,1	8	5	Innovative modes of delivery	2,20	0,30	0,30	0,30	0,10	0,00	1,00
4,1	8	6	Centres of excellence	2,20	0,30	0,30	0,30	0,10	0,00	1,00
4,1	8	7	Research strength	1,60	0,50	0,40	0,10	0,00	0,00	1,00
4,1	8	8	Part-time providers	2,60	0,20	0,20	0,40	0,20	0,00	1,00
4,1	8	9	Distance learning	2,60	0,20	0,20	0,40	0,20	0,00	1,00
			Strategic planning							
4,2	9	1	Locally focus	2,70	0,10	0,30	0,40	0,20	0,00	1,00
4,2	9	2	Internationalisation	2,60	0,20	0,20	0,40	0,20	0,00	1,00
4,2	9	3	Competitive pricing	2,60	0,20	0,20	0,40	0,20	0,00	1,00
4,2	9	4	Specialist providers	2,00	0,30	0,40	0,30	0,00	0,00	1,00
4,2	9	5	Innovative modes of delivery	1,70	0,50	0,30	0,20	0,00	0,00	1,00
			Competitive advantage							
5.1	10	1	Competitive pricing	2,80	0,10	0,20	0,50	0,20	0,00	1,00
5.1	10	2	Differentiation	2,20	0,30	0,30	0,30	0,10	0,00	1,00
5.1	10	3	International accreditations	1,70	0,50	0,30	0,20	0,00	0,00	1,00
5.1	10	4	Quality Research programs	1,20	0,80	0,20	0,00	0,00	0,00	1,00
5.1	10	5	Recognised Quality standards	1,70	0,50	0,30	0,20	0,00	0,00	1,00
5.1	10	6	Professionally recognised courses	2,90	0,00	0,30	0,50	0,20	0,00	1,00
5.1	10	7	Industry co operation	1,20	0,80	0,20	0,00	0,00	0,00	1,00
			Competitive advantage							
5.2	11	1	Competitive pricing	2,42	0,30	0,30	0,40	0,20	0,00	1,20

5.2	11	2	Differentiation	2,00	0,30	0,40	0,30	0,00	0,00	1,00
5.2	11	3	International accreditations	1,70	0,50	0,30	0,20	0,00	0,00	1,00
5.2	11	4	Quality Research programs	1,40	0,70	0,20	0,10	0,00	0,00	1,00
5.2	11	5	Recognised Quality standards	1,70	0,50	0,30	0,20	0,00	0,00	1,00
5.2	11	6	Professionally recognised courses	2,90	0,00	0,30	0,50	0,20	0,00	1,00
5.2	11	7	Industry co operation	1,40	0,70	0,20	0,10	0,00	0,00	1,00
			Sustainability							
6.1	12	1	Is competitive advantage sustainable	1,70	0,50	0,30	0,20	0,00	0,00	1,00
			Market success							
7.1	13	1	Market share growth	3,90	0,00	0,00	0,30	0,50	0,20	1,00
7.1	13	2	Sustainable EBITDA	3,90	0,00	0,00	0,30	0,50	0,20	1,00
7.1	13	3	Contribution to the community	2,90	0,00	0,40	0,30	0,30	0,00	1,00
7.1	13	4	Research grants	2,90	0,00	0,40	0,30	0,30	0,00	1,00
7.1	13	5	Graduates employment rate	2,90	0,00	0,40	0,30	0,30	0,00	1,00
7.1	13	6	Approved and certified programs	3,90	0,00	0,00	0,30	0,50	0,20	1,00
			Market success							
7.1	14	1	Market share growth	3,90	0,00	0,00	0,30	0,50	0,20	1,00
7.1	14	2	Premium pricing	3,90	0,00	0,00	0,30	0,50	0,20	1,00
7.1	14	3	Cost efficiencies	3,90	0,00	0,00	0,30	0,50	0,20	1,00
7.1	14	4	Low financial leverage	3,90	0,00	0,00	0,30	0,50	0,20	1,00
			Market success							
7.1	15	1	student enrolment growth	2,40	0,20	0,30	0,40	0,10	0,00	1,00
7.1	15	2	financial benefits	2,20	0,30	0,30	0,30	0,10	0,00	1,00
7.1	15	3	demand for places	2,20	0,30	0,30	0,30	0,10	0,00	1,00
7.1	15	4	optimism over student enrolment growth	2,40	0,20	0,30	0,40	0,10	0,00	1,00

Appendix C: Questionnaire used completed

The Competitive Advantage and the Business model of the Private Universities in Paphos and Cyprus

This survey is being carried out as part of an academic project to examine the Competitive Advantage Consideration for Investment in Universities. The title and sub-title of the research is as follows:

Title of Dissertation:

The Competitive Advantage and the Business model of the Private Universities in Paphos and Cyprus

Subtitle:
An investigation into the University Business Model Strategies needed in order to compete successfully.

Please answer the questions freely. You cannot be identified from the information you provide, and no information about individuals will be given to any third-parties. All the information you provide will be treated in the strictest confidence and will be used purely for the purposes of our assignment.

The questionnaire should take you about 15-20 minutes to complete. Please follow the instructions given and answer the questions in the space provided. Your first thoughts are usually your best and therefore you are asked not to spend too long on any one question.

Please complete all questions, even if you do not feel they are directly applicable to you. Your answers are essential in building an accurate picture.

When you have completed the questionnaire, please return it before **20 October 2012** by email: koullal@leptosestates.com / k.loizou@nup.ac.cy/ fax 26-938977

If you need any additional information or any clarification please do not hesitate to contact me at the mobile phone 0044-99 531862

Thank you for taking the time to help us with our studies and promoting research.

Koulla Loizou

A brief summary regarding the project under research

Title of Dissertation

The Competitive Advantage and the Business model of the Private Universities in Paphos and Cyprus

Subtitle:

An investigation into the University Business Model Strategies needed in order to compete successfully.

The literature research, and the enclosed questionnaire, regarding the above project, is divided into the following sections:

8 SWOT considerations
9 Competitive environments
10 Strategic resources
11 Strategic positioning
12 Competencies
13 Sustainability
14 Financial success

The hypothesis of our research and project is as follows:

Hypothesis

If a University Business Model is correctly designed, and its competitive advantages are efficiently applied and managed, in its operations and strategies, then these will lead to sustainable investments and performance.

Abstract:

The Competitive Advantage in the Business model of the Private Universities in Paphos and Cyprus

This paper investigates the Competitive Advantage factors to be considered by the Private Universities in Cyprus. The research has indicated that in the current globalised World Wide Web network Universities Business Models are subject to sustainable and continuous competition.

The way of doing business in the educational sector is continuously changing and this includes the ways that the Public and, especially the Private sector need to cooperate with the market and take risks. The research suggests that the winning formula for a Business Model is: Efficient use of internal resources, use of Information Technology (IT), strategic alliances with brand names and the Government, and the Transformation of these, through Customer Relationship Management (CRM) and Strategic Management, into Competitive Advantages.

The findings and conclusions of this research indicates that future higher education learning would be transformed, unmatched to what we know today, through the use of IT, Strategic Alliances and Management, and as such these factors should be the nucleus of any University Business Model. In this respect the internal competitive resources factors would need to be incorporated within the business operations and strategies and the value and supply chain.

While this research suggests that it is possible to design a best practice University Business Model, the Cyprus private higher educational institutions (PHEIs) market is very competitive and not as yet matured enough for any partner to plan securely on a certain winning mix. The success in PHEIs market is still going through the growing phase and it is thus suggested that a feasibility study should precede any investments or financial commitments.

Please answer ALL of the following questions by checking (√) the appropriate box.

Instructions and guidance

By using as measure the following yardstick/scale please put the symbol (√), or any other mark of your choice, (●, +) in any of the columns as shown below. Thank you for time and effort.

Example 1: assuming your choice to the question is: "Not at all": then your choice is column 1 as shown below.

Symbol	1	2	3	4	5
	No	No	Neutral	Yes	Yes
	Not at all	Sometimes	Average/normal	A lot	Always
√	√ or N or …				

Example 2: assuming your choice to the question relating to the AA 1 regarding the "Environmental factors": is "Neutral" then your choice is column 3 in line 1 and accordingly in the other lines whatever is your choice (as shown below).

Q 1.1 Do private higher educational institutions (PHEIs) in Cyprus take into account environmental factors and internal resources when formulating strategies to gain competitive advantage?

1. AA	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 1.1		**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Environmental factors			√		
2	Internal resources					

Personal Details

Q.1 Professional work

Which of the following best describes your professional work?

Symbol	1	2	3	4	5
	Community	Student	Professor	Services	Business/other
√					

Q.2 Industry

Which of the following best describes your industry?

Symbol	1	2	3	4	5
	Community	Student	Professor	Services	Business/other
√					

Q.3 Country

Location of your business

Symbol	1	2	3	4	5
	Cyprus	Greece	Other EU countries	Middle-east	Other
√					

Q.4 Contact Details

Name	**Mr/Ms**				
Company	**Name**				
Contact	**Address**				
Contact	**Telephone**		E-mail/fax		

Taking into consideration the foregoing research objectives and general research question, the following specific research questions were formulated to guide the study:

Q.1 SWOT CONSIDERATIONS

1.4 Do private higher educational institutions (PHEIs) in Cyprus take into account environmental factors and internal resources when formulating strategies to gain competitive advantage?

Q. 1	**Question –**	**1**	**2**	**3**	**4**	**5**
1.1	**Are Environmental & internal factors considered in PHEIs strategy?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	Sometimes	Average	A lot	Always
1	Environmental factors					
2	Internal resources					
√						

1.5 Do the following opportunities and threats, found in the external environment, impact on the PHEIs performance?

2	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 1.2	**Do these Opportunities and threats impact on performance?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
Opportunities 1	EU Erasmus project					
2	Professional courses					
3	EU grants and subsidies					
4	Research					
5	Strategic Alliances					
Threats 6	Foreign Universities					
7	Distance Learning					

8	Public Institutions fee structure					
9	Information Technology					
10	Regulations					
√						

1.6 How would you rate the strengths and weaknesses of these PHEIs?

3	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 1.3	**Rate the strengths and weaknesses of PHEIs.**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
Strength 1	Quality Professional staff					
2	Diversity of courses					
3	Buildings					
4	Competitive fees					
5	English taught programs					
6	All of the above					
Weakness 7	Finance					
8	Research					
9	Link to industry					
10	International ranking					
11	Libraries					
√						

Q.2 COMPETITIVE ENVIRONMENT

2.2 Do the following competitive forces influence competition in the Cyprus PHEIs?

4	Question –	1	2	3	4	5
Q 2.1	**Do the following competitive forces influence competition?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	New PHEIs entrants from EU					
2	Cypriots options to study overseas					
3	Rivalry among PHEIs					
4	Public Institutions salary structure					
5	Cost of living					
6	Unregulated fees					
7	Specialized courses					
8	Strategic alliances					
√						

2.3 How far do the following competitive forces affect the profitability among PHEIs?

5	Question –	1	2	3	4	5
Q 2.2	**How far do the following competitive forces impact on profitability?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	New PHEIs entrants from EU					
2	Cypriots options to study overseas					
3	Rivalry among PHEIs					
4	Public Institutions salary structure					
5	Cost of living					

6	Unregulated fees					
7	Specialized courses					
8	Strategic alliances					
√						

Q.3 STRATEGIC RESOURCES

3.3 Do the PHEIs possess (have) the following strategic internal resources?

6	**Question –**	**1**	**2**	**3**	**4**	**5**
Q 3.1	**The strategic internal resources of the PHEIs.**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Financial					
2	Buildings/assets					
3	Customer relationship management					
4	Technology support					
5	Quality Professors					
6	Teaching material and support					
7	Recognised bilingual qualifications					
8	Student union facilities					
9	Libraries					
10	Strategic alliances					
11	Brand names					
√						

3.4 How far is the following strategies part of the strategic business development of the PHEIs?

7	Question –	1	2	3	4	5
Q 3.2	Strategic business development	No	No	Neutral	Yes	Yes
		Not at all	Sometimes	Average	A lot	Always
1	Value added services					
2	Competitive Pricing					
3	New products					
4	New markets					
√						

Q.4 STRATEGIC POSITIONING

4.1 How do PHEIs in Cyprus position themselves in the higher education industry?

8	Question –	1	2	3	4	5
Q 4.1	Strategic Positioning	No	No	Neutral	Yes	Yes
		Not at all	Sometimes	Average	A lot	Always
1	Locally focus					
2	Internationalisation					
3	Competitive pricing					
4	Specialist providers					
5	Innovative modes of delivery					
6	Centres of excellence					
7	Research strength					
8	Part-time providers					
9	Distance learning					
√						

4.2 What generic positioning strategies do they adopt?

9	Question –	1	2	3	4	5
Q 4.2	**What generic positioning strategies do they adopt?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Locally focus					
2	Internationalisation					
3	Competitive pricing					
4	Specialist providers					
5	Innovative modes of delivery					
√						

Q.5 COMPETENCIES

5.1 What distinctive competencies do PHEIs possess?

10	Question –	1	2	3	4	5
Q 5.1	**What Distinctive competencies do PHEIs possess?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Competitive pricing					
2	Differentiation					
3	International accreditations					
4	Quality Research programs					
5	Recognised Quality standards					
6	Professionally recognised courses					
7	Industry cooperation					
√						

5.2 Do the PHEIs exploit their distinctive competencies to gain competitive advantage?

11	Question –	1	2	3	4	5
Q 5.2	**Do the PHEIs exploit their Distinctive competencies to gain competitive advantage?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Competitive pricing					
2	Differentiation					
3	International accreditations					
4	Quality Research programs					
5	Recognised Quality standards					
6	Professionally recognised courses					
7	Industry co operation					
√						

Q.6 SUSTAINABILITY

6.1 Is the competitive advantage of PHEIs sustainable?

12	Question –	1	2	3	4	5
Q 6.1	**Sustainable competitive advantage**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Is competitive advantage sustainable					
√						

Q.7 FINANCIAL SUCCESS

12.1 How would you define market success, of PHEIs, in the higher education industry?

13	Question –	1	2	3	4	5
Q 7.1	**Define market success.**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Market share growth					
2	Sustainable EBITDA					
3	Contribution to the community					
4	Research grants					
5	Graduates employment rate					
6	Approved and certified programs					
√						

12.2 What are the key factors that bring about market success to these institutions?

14	Question –	1	2	3	4	5
Q 7.2	**What are the key factors that bring market success?**	**No**	**No**	**Neutral**	**Yes**	**Yes**
		Not at all	**Sometimes**	**Average**	**A lot**	**Always**
1	Market share growth					
2	Premium pricing					
3	Cost efficiencies					
4	Low financial leverage					
√						

12.3 How successful are PHEIs in terms of student enrolment growth, financial benefits, demand for places, and optimism over student enrolment growth?

15	Question –	1	2	3	4	5
Q 7.3		No	No	Neutral	Yes	Yes
	How successful are PHEIs in terms of the following:	**Not at all**	**Sometimes**	**Average**	**A lot**	**Always**
1	student enrolment growth					
2	financial benefits					
3	demand for places					
4	optimism over student enrolment growth					
√						

Appendix D

Section A: List of the questionnaire received:

AA	Questionnaire	Personal Details	Professional Work	Industry	Country	Contact details
1.	Experts	Michalis Spyrou	Business/ Other	Real Estate	Cyprus	Email:msmichael@cytanet.com.cy Tel:00357 26 880385
2.	Experts	Paris Gavriel	Business/Other	Real Estate	Cyprus	Email:Paris@leptosestates.com Tel:00357 26 880402
3.	Professor	Pr. John Politis	Associate Professor in Management-NUP	Professor	Cyprus	Email:j.politis@nup.ac.cy Tel 00357-26 843501
4.	Professor	Dr. AndreasDamalas	Professor NUP	Professor	Cyprus	Email:a.damalas@nup.ac.cy Tel 00357-99 300137
5.	Professor	Dr.Michaelina Shakalli	Lecturer in Statistics	Lecturer	Cyprus	Email: m.siakalli@nup.ac.cy
6.	Professor	Dr. Dario Pontiggia	Lecturer in Economics	Lecturer	Cyprus	Email: d.pontiggia@nup.ac.cy Tel 00357 26843411
7.	Leptos Group	Mouskis Tasos	Auditing -Real Estate	Real Estate	Cyprus	Email: Mouskis@leptosestates.com Tel: 00357 26880361
8.	Leptos Group	Chistos Constantinides	Leptos Group Financial Controller	Financial	Cyprus	Email:Chris.constandinides@leptosestates.com Tel: 00357 26880366
9.	NUP	A.Charalambous	NUP Campus Manager		Cyprus	Email:a.charalambous@nup.ac.cy Tel:00357 26843300/ Fax:00357 26843535
10.	NUP	Tania Arvanitaki	Information Technology		Cyprus	Email:Tania@nup.ac.cy
11.	Neapolis	Linos Chrisostomou	Project Manager Neapolis	Bussiness	Cyprus	Tel:00357 26880650
12.	Leptos Group	Stelios Christides	Human Resource Manager	Real Estate	Cyprus	Tel:00357-26880180 Email:stchristides@leptosestates.com
13.	PWC	Thoulla Stavrou	Auditing & Taxation	Services	Cyprus	Tel: 00357 -26555165 Fax:00357 26555296

14.	PWC	Polykarpos Themistokleous	Auditing	Services	Cyprus	Email:Polycarpos.Themistokleous@cy.pwc.com
15.	PWC	Anastasia Stylianou	Auditing	Services	Cyprus	Email:Anastasia.Stylianou@cy.pwc.com
16	PWC	Theodoros Stylianou	Auditing	Services	Cyprus	Tel:00357 25555000/Fax: 00357 25555001
17	Student	Anna Constantinidou		Student	Cyprus	Email: a.constandinidou@nup.ac.cy
18	Student	Maria Ioannou		Student	Cyprus	Email:m.ioannou@nup.ac.cy
19	Student	NA		Student	Cyprus	
20	Leptos Group	Savvas Komodromos		Real Estate	Cyprus	Email:Savvaskd@leptosestates.com
21	Student	Epiphanios Mikellides		Student	Cyprus	Email:e.mikellides@nup.ac.cy
22	Student	V.Constandinides		Student	Cyprus	Email:V.Constantinides@nup.ac.cy
23	Leptos Group	Thekla Prodromou	A.Financial Manager	Real Estate	Cyprus	Email:Thekla@leptosestates.com
24	Leptos Group	Stelios Michaelides	Accounting	Accountant Real Estate	Cyprus	Tel 00357-26880385
25	Leptos Group	Themis Sivitanides	Information Technology		Cyprus	Tel 00357 26880660
26	Leptos Group	Phytos Kontos			Cyprus	Email:PhytosK@Ledatravel.com

Section B: List of the uncompleted questionnaires

AA	Questionnaire	Personal Details	Profession	Industry	Country	Contact
27	Neapolis Group	Nikolaos Stephanou		Business/other	Cyprus	Email: Nikolaos.Stefanou@neapolis.con
28.	Professor	Andreas Kakouris	Professor NUP	Professor	Cyprus	Email:a_kakour@otenet.gr
29.	Professor	Delitheou Vasiliki	Professor NUP	Professor	Cyprus	Email:v.thelitheou@nup.ac.cy
30.	Lecturer	Constantinou Charalambos	Lecturer NUP	Professor	Cyprus	Email:c.constandinou@nup.ac.cy
31.	Leptos Group	Andreas Findiclis	Real Estate	Business/Other	Cyprus	Tel: 00357 26 880410
32.	Leptos Group	Demetris Prodromou	Real Estate	Business/Other	Cyprus	Tel: 00357 26 880101
33.	Leptos Group	Emilios Theodoulou	Real Estate	Business/Other	Cyprus	Tel: 00357 26 880205
34.	Leptos Group	Vasilis Mikros	Real Estate	Business/Other	Cyprus	Tel: 00357 26 880 209
35.	Neapolis Group	Andreas Moleskis		Business/Other	Cyprus	Email:Andreas.Moleskis@leptosestates.com
36	Professor	Spyros Serpanos		Professor	Cyprus	s.serpanos@nup.ac

Section C: List of interviews:

A A	**Interviews**	**Personal Details**	**Profession**	**Industry**	**Country**	**Contact**
		Spyrou Michalis	Business/ Other	Real Estate	Cyprus	Email: msmicheal@cytanet.com.cy
		Paris Gavriel	Business/ Other	Real Estate	Cyprus	Email:Paris@leptosestates.com

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