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**THE MARKETING OF BUSINESS EDUCATION
IN SINGAPORE:
AN ANALYSIS OF DISTANCE EDUCATION**

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**THE MARKETING OF BUSINESS EDUCATION IN SINGAPORE:
AN ANALYSIS OF DISTANCE EDUCATION
DEGREE PROGRAMS
Cheng Soo-May**

Abstract

This paper examines the tertiary-level distance learning business education industry in Singapore, the key players in which are universities from Australia, the United Kingdom and the United States. A qualitative analysis of the marketing communications used by 42 institutions and their local agents over a six-month period reveals interesting differences in competitive positioning, even though pricing, distribution and promotional strategies are similar. In an increasingly competitive market, the prospects for these programs seem to hinge more on product and market differentiation than on any other element of the marketing mix.

TERTIARY BUSINESS EDUCATION IN SINGAPORE

The Demand for Business Education

Singapore has one of Asia's most stable economies, shored up by political stability, excellent infrastructure and human resources, and a high savings rate. It has earned a place among the 'Four Tigers', namely South Korea, Taiwan and Hong Kong, because since restructuring its economy in 1979 to move away from labour-intensive, low value-added industries and towards high-tech manufacturing and services, annual economic growth has been between 8% and 10% throughout the eighties. Brief periods of world economic recession in the eighties and the intense global business competition of the nineties have placed a high priority on technical, business and management skills in the republic, resulting in Singapore investing heavily in the education and training of its most vital natural resources: its population. The current plan is for the nation to become an international business centre and exporter of services. The already impressive infrastructure is being enhanced with telecommunications improvements, road and light rail development and construction of massive conference and exhibition facilities, among other things.

Its government-led business expansion into the emerging markets of East and South-east Asia like China, Vietnam and Myanmar will see increased export of management and technical personnel in the next decade and beyond. With unemployment at only 2.8%, the demand for trained personnel for the domestic market as well as for export will continue to outpace the supply. Educational aspirations of young professionals in pursuit of rapid promotion and pay increase have also risen significantly in recent years, thus creating a ready market for programs seen as being relevant to industry. In 1995 there were reportedly more than 144,000 graduates in Singapore who formed a ready market for distance education providers at postgraduate levels (Straits Times, various issues).

The Local Supply

The educational system, already designed to cater to the technological needs of industry, will be enhanced further under the government's *Productivity 2000* project to produce highly-skilled and service-oriented personnel. An educational infrastructure of 187 primary schools, 127 secondary schools, five full (combined primary and secondary) schools and eight independently-funded schools provide up to ten years of formal education for Singapore children. About 10% of these school-leavers continue into pre-university classes for two or more years, specialising in academic (arts and sciences), technical and commercial streams. Less than 5% of O-level school-leavers make it into the two local universities. Most join the workforce or receive further technical or vocational training in the polytechnics or technical and commercial institutes.

The National University of Singapore (NUS) and the Nanyang Technological University (NTU) are the main degree awarding institutions in Singapore. An Open University was started in 1992 for mature students and others not admitted into the main universities, but providing education in mathematics, computer studies and English only. Besides a wide range of professional and academic disciplines, business courses are offered at both NUS and NTU at undergraduate and postgraduate levels. The more established of the two is the Faculty of Business Administration (FBA) at the NUS, set up in 1980.

Its undergraduate program takes a generalist approach, with students taking subjects in the traditional functional areas of marketing, finance, organisational behaviour, decision sciences and business policy for three years to earn a Bachelor of Business Administration degree. The top 20% of graduating students are offered a chance to earn an Honours degree by reading more subjects and writing an academic exercise on one functional specialisation in another year. The MBA degree is structured along similar lines, requiring two years of full-time, or three years of part-time, study. Masters and doctoral degrees are also awarded for research dissertations. Undergraduate and postgraduate programs are reputedly stringent in admission criteria, hence allowing only a small number of well-qualified candidates to be enrolled each year.

The School of Accountancy and Business (SAB) at the NTU is an offshoot of the NUS's FBA, but since becoming a separate entity at the newly-established technological university in 1991, it has blossomed into a formidable contender for the country's best A-level school-leavers. The school's appeal is three-fold; it offers a professional accountancy certification along with the degrees at both undergraduate and MBA levels, it adopts a specialist orientation in allowing students to major in a functional area right from the beginning, and it awards direct honours within three years in the bachelor degree program. While there have been fears that over-specialisation may affect the market value of certain degrees should there be a decline in the sector for which they prepare students, careful admission policies pegged to industry's personnel needs, have so far avoided this. This school has been able to meet personnel demands in non-traditional business field like insurance and hospitality management.

An elaborate skill-certification scheme ensures that meritocracy is reflected in the education system. It provides degrees, diplomas and certificates on four skill levels:

- professional degrees to those with university education;
- diplomas to semi-professionals and high-level technicians with polytechnic or technological education;
- certificates to junior technicians from business and technical schools; and
- national trade certificates to trades people in vocational programs.

Besides these award programs, *Productivity 2000* provides for collaboration among government, employers, unions, professional associations and academia to provide remedial and continuing education to upgrade the nation's skill and knowledge levels. It is in this spirit that the government approves the entry of numerous foreign universities into the education sector in Singapore. In tacit acknowledgment that the local universities cannot cater to the demand for tertiary education, the Ministry of Education (MOE) tends to be liberal in granting approval to foreign universities to award degrees through distance learning programs. These are defined as programs that combine the elements of self-study, correspondence and face-to-face contact with faculty.

At least 42 foreign universities offering tertiary-level programs currently operate in Singapore. A qualitative content analysis of print advertisements in *The Straits Times* (Singapore's main English-language daily and most popular medium for mass advertising of education programs), program brochures and course preview sessions, reveals an interesting array of marketing strategies employed by these institutions, which is the subject of this paper's discussion.

Key International Providers

Many reasons have been cited for the influx of business degree programs from the West into Asia. A recurring one is that the East Asian economic miracle has created an apparently insatiable thirst for management knowledge and skills which their home-grown institutions cannot satisfy. High literacy rates and good basic education in countries like Singapore, Malaysia and Hong Kong have created a ready pool of trainable young people. Lucrative markets in these countries provide opportunities for universities in the West to escape from their relatively depressed domestic economies.

Demographic trends in Australia, the UK and the US have seen the decline in the number of 18-year olds eligible for college education, forcing universities to reconsider their traditional market for undergraduate entry. Moreover, financial stringency and retrenchment in higher education, particularly in the UK and Australia, have compelled universities to look to overseas students as sources of revenue to supplement institutional resources.

In a conference on *International Comparisons in Overseas Student Affairs*, these trends were reported as being endemic in many other countries (Shotes 1986).

British universities have had the longest presence in the distance education market in Singapore because of historical ties and the similarities between the education systems in the two countries. It appears that the traditional respect that Singaporeans held for British universities has not been completely displaced by the more dynamic American institutions that had come onto the scene much more recently. Kinnell (1990) lists several agencies as having had a positive impact on the propensity of Asian students to choose British universities. The British Council, the Association of Commonwealth Universities, charitable trusts who sponsored students, and the governments of students' own countries (particularly if they were in the Commonwealth), have through their activities raised awareness and desire for quality British tertiary education. In the sixties and seventies, Singapore's government leaders and employers had mostly been educated in the UK or in British-style home institutions. Hence the entry into Singapore's private education market of familiar British universities like Birmingham, Hull and London, met with little resistance. In the eighties and nineties, however, the need for technocratic governance saw Singapore's top scholars being sent instead to the US for professional business, engineering and computing courses.

In the past decade or so, **the United States** have become the most popular destination for Asian students pursuing graduate management, science and engineering training. The post-war technological revolution spearheaded by the US, the breakneck pace of business development, the proliferation of American academic literature and of American professors and consultants entering the lecture circuit, have helped to propel American universities into the forefront of the world's tertiary education scene. Until recently, however, these universities had been content to wait at home for foreign students. The ascendancy of Asian economies in the eighties and early nineties, and the consequent demand for business education, led American universities to see Asia as their new battleground. If the British and Australians were there, there was no reason why the Americans should not be. The early entrants into Singapore's private business education market, however, were relatively unknown institutions like Andrews, Concordia and Dubuque, while Rutgers was probably the only American university in this market which could claim ready recognition among Singaporeans.

More recent entrants are ivy league institutions like Stanford, Cornell and the Massachusetts Institute of Technology, employing the strategy of allying with an established Singapore university to offer postgraduate and executive programs rather than operating through a commercial agent.

The strong presence of **Australian** programs in Singapore may be explained by the two countries' geographical proximity as well as Australia's long-established reputation as 'Asia's classroom'. Australia's overseas students – primarily from Hong Kong, Malaysia and Singapore – contribute A\$1.1 billion a year into the economy. Despite full tuition fees being charged, some 52,000 foreign students were enrolled in Australian schools, colleges and universities in 1992 (*Asian Business*, November 1992:10). Leading the promotional efforts of Australia's education sector in Asia are the International Development Program, the Australian Education Centres and AusTrade, national bodies funded by the universities or government. Individual universities are also aggressively taking their products to the East. In Malaysia, several universities including the University of Technology, Sydney (UTS) and the University of Adelaide have successfully made twinning arrangements whereby students attend a local institution to earn some credits for a degree, then proceed to the universities' Australian campuses to complete the remaining requirements. This arrangement seems to work beautifully as it secures for the Australian universities a regular flow of Malaysian students, it reduces costs for the students eager to obtain a foreign degree, and it allays the fear of parents and the government that students spending too much time overseas may pick-up unsavoury Western values. Singapore's Ministry of Education (MOE) does not allow twinning arrangements, but permits foreign universities, through their local partners, to award degrees and subject exemptions for local diploma holders who go on to enrol in the distance programs offered by those universities. For institutions like the Royal Melbourne Institute of Technology (RMIT) and the University of Southern Queensland (USQ), this has proven to be a lucrative alternative to twinning.

One factor that has made entry into Singapore so easy is the open-door policy of the MOE with regards to distance learning programs. So long as a foreign university is accredited by one of its home accrediting bodies or, as in the case of Commonwealth countries, by the Association of Commonwealth Universities, the MOE allows the market forces of demand and supply to prevail.

Its regulation of the industry to date is limited to issuing a permit to the local agency whom the MOE holds accountable, should any complaint arise, and to screening the local teaching staff employed by the local agency to supplement, complement, or replace foreign faculty members. This has encouraged the establishment of hybrid models of distance learning programs where foreign universities operate with varying degrees of direct contact with their students in Singapore.

THE MARKETING ORIENTATION IN EDUCATION

Kotler and Fox (1985:7) defined educational marketing as follows:

Marketing is the analysis, planning, implementation and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets to achieve institutional objectives. Marketing involves designing the institution's offerings to meet the target market's needs and desires, and using effective pricing, communication and distribution to inform, motivate and service the markets.

In short, institutions put the needs and wants of target markets foremost in the design, communication, pricing and delivery of their programs and services. Being market-oriented does not mean ignoring educational missions and competencies; rather, it means identifying markets which might be interested in its offerings and then packaging and promoting to make them appealing to these markets. Contrary to the common criticism that marketing is incompatible with the educational mission, that the 'hype' and 'hard sell' cheapen education, marketing is a management function that does much more than promotion and selling. It helps the institution to keep abreast of changes in consumer preferences, to strategically plan, implement and evaluate programs that would meet expectations.

While resistance to the marketing of education was strongest in traditional higher education, Brown (1985:6) cited a 1959 survey by McGee, which indicated that educators in the adult continuing education sector were also critical of the marketing orientation. These educators felt that they were above the commercial arena in which marketing belonged, that there was no need to advertise as huge adult audiences were thirsting for education, that adults should not need to question educators' ability to offer programs which were best for them. It was only when competition for the adult population intensified and spread beyond regional and national boundaries that marketing was seen to be necessary to gain a competitive edge.

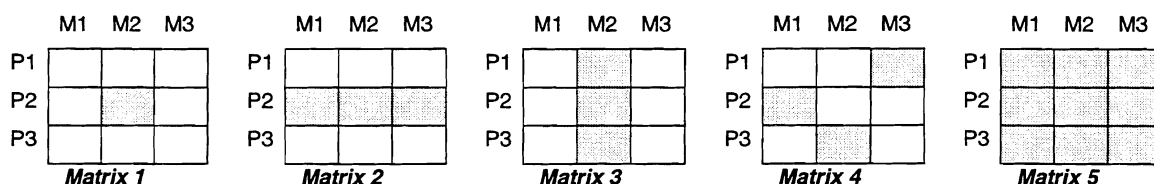
THE MARKETING OF BUSINESS EDUCATION

Perhaps more than any other discipline, business and management studies can be considered to be products in that they are often created in response to demand. Unlike, say, history which has an intrinsic value independent of economic forces, business studies have emerged with the development of mercantile society and prospered in today's complex economic age. The practical nature of business courses, in training students to understand and solve business problems, in preparing them for 'the real world' may explain why they are constantly being re-modelled, re-packaged, promoted and distributed in new and different ways – like products – to adapt to real world changes. In short, marketing them is essential to ensure their continued acceptance.

The foreign universities coming to Singapore may well have assessed what Takeuchi and Porter (1986) call the comparative advantage strategy in global marketing. That is, how to configure and co-ordinate marketing activities such that they are performed in countries that have comparative advantage in those activities. For instance, one of Australia's strategies is to market English Language Intensive Course for Overseas Students (ELICOS) programs to Japan, but not to Singapore which is self-sufficient in the supply of a high standard of English language education.

The various universities' competitive positioning could take on one or more of the five patterns of the program/market segmentation matrix suggested by Abell (1980).

Figure 1: Program/Market Segmentation Matrix



(Source: Adapted from Abell, D.F., 1980, *Defining the business: The starting point of strategic planning*. Englewood Cliffs, N.J.: Prentice-Hall. Chapter 8.)

Matrix 1: Program/Market Concentration: Concentrate on offering one program to one market segment.

Matrix 2: Program Specialisation: Offering only one program to several market segments.

- Matrix 3: Market Specialisation: Serving only one market segment with all programs.
- Matrix 4: Selective Specialisation: Working in several program markets that have no relation to each other except that each constitutes an individually attractive opportunity.
- Matrix 5: Full Coverage: Undertaking the full range of programs to serve all market segments.

MARKETING STRATEGIES EMPLOYED IN SINGAPORE

This section reports the sample institutions' utilisation of the program/market segmentation scheme in the Singapore marketplace, as well as how the marketing mix is implemented. Forty-two institutions are covered in the analysis.

Competitive positioning

Kotler and Fox (1985:152) define competitive positioning as 'the art of developing and communicating meaningful differences between one's offer and those of competitors serving the same target market'. They further suggest that the key to competitive positioning is to identify what the target market looks for in evaluating and choosing among competitive institutions.

American Universities

In a critical assessment of what business schools worldwide offer, Syrett (1993) suggests three pointers to a good business school of program; reputation, faculty and content and curriculum.

American institutions tend to use reputation to lure Asian students, the most successful ones being the University of California, Columbia, Harvard, Stanford and Cornell. Despite the high tuition fees ranging from US\$11,668 to US\$18,250 per year, foreign student make up an average of 12% of the universities' student populations. The institution's prestige is all-important in the MBA market as the supply is increasing worldwide, with about 100,000 MBAs awarded each year, including 77,000 in the US alone (Blass 1994). This competitive strategy addressed the pragmatic concerns of Asian students regarding their employability and market value upon graduation.

But while the top US business schools are competing successfully on their home ground, they are conspicuous by their absence from the distance learning market in Singapore. Five universities less familiar to Singaporeans market their programs not so much on the basis of prestige, but the following credentials:

- well-established (Rutgers, Dubuque, Andrews);
- accredited to one of the six regional accrediting associations in the US (Andrews, Concordia, Dubuque, Oklahoma City);
- qualified university faculty (Andrews, Dubuque, Rutgers);
- programs on par with on-campus courses (Oklahoma City, Rutgers);
- on-campus stint with visits to American companies (Andrews, Dubuque);
- international recognition (Andrews, Concordia); and
- number of intakes in Singapore (all).

While all universities entering Singapore must have been accredited, reiterating the point seems to enhance the claim to international recognition. The number of intakes is a common positioning message used not only by American institutions, but also British and Australian ones. The implication is that the more intakes a program has had, the more highly valued it is by local students, or the more experienced the university is in this market. With the exception of Oklahoma City University which runs four business programs at master, bachelor and higher diploma levels (a *selective specialisation* strategy), all the other institutions cautiously market only one program to one or more market segments. Targeting at the higher education market, Concordia and Dubuque each offer a generalised MBA, while Andrews and Rutgers offer an MSc in software engineering and human resource management respectively. Market segments for a generalised MBA could include non-business graduates hoping to make a career switch into management, or wishing to get formal training to support their responsibilities in management. Specialist master degree programs usually appeal to students working or planning to work in specific industries and who need to have an in-depth understanding of a related discipline.

British Universities

Kinnell (1990) observes that British institutions compete largely on subject lines rather than fees as was the case before 1979 when the competition was perceived as being largely among British universities, rather than between British universities and other foreign institutions. Now potential students look for the kind of courses offered, the quality of teaching, the reputation of departments, and the recommendation of the British Council. Like its European counterparts, British universities are increasingly cultivating 'internationalism' in their product offerings, both in content design and the establishment of faculty and student overseas exchange programs.

Like their American competitors, British universities are most visible in the master degree markets. Ten of the 19 institutions have brought in only one program each, the most popular being the generalised MBA. Among the institutions using this *program specialisation* strategy are Birmingham and Warwick, both of which have long been popular choices of Singapore students going to the UK. Thus it is surprising that they do not seem to be as adventurous in this market as some of the less well-known universities like Hull and Strathclyde (which employ a *selective specialisation* strategy by bringing in both generalised MBAs and MBAs with specialisations, such as in training and education, and international marketing). Leeds also positions its MA in Asia-Pacific Studies in a *program specialisation matrix*. The course focuses on the political, economic and socio-cultural profiles of Asian countries. Its uniqueness and timeliness, coming at a time when Singapore entrepreneurs and executives are working in other Asian countries more than ever before, makes this program particularly appealing to several market segments.

Sheffield uses the *market specialisation* strategy, offering three MSc programs – in information systems and technology, software development and computing – for managers working in computer-related industries. Similarly, London University capitalises on its long-standing reputation in undergraduate education to market two BSc programs in computing and information systems, and mathematics and computing – for non-graduates aspiring towards or already in the 'hi-tech' industries. Each of these universities also offer one unrelated program for a different market segment (Sheffield's MSc in Finance, and London's BSc in Economics), an indication of *selective specialisation* positioning.

Perhaps the only institution in the entire sample to come close to using a *full coverage* strategy is Humberside University. Working exclusively through one local agent, it offers masters programs in various specialisations (e.g. marketing, quality management, distribution) as well as bachelor, higher diploma and diploma programs in business/commerce, human resource management and mass communication.

Promotional messages adopted by British institutions also stress number of intakes and par value with on-campus programs, but that is where the similarity between their marketing approach and the US universities ends. Only three institutions mention their reputation, and six, the international recognition their programs enjoy. Rather, most mention the support services that students can expect, such as:

- fax-a-professor in UK;
- qualified local tutors to complement UK faculty; and
- good library.

Australian Universities

Australian universities like RMIT and USQ have been relatively successful in running their Bachelor of Business degree programs in Singapore, boasting 15 and 18 intakes respectively. Other players are relatively new entrants, but no less aggressive in their marketing strategies. The credentials commonly advertised appear to be:

- the universities' ranking and rating (e.g. Queensland University of Technology winning the award 'Australia's University of the Year 1993');
- programs' ranking and reputation (e.g. Queensland's Master in Professional Accountancy is 'ranked 1 in Australian accounting departments')
- international focus-orientation (e.g. Western Sydney, South Australia, Monash, RMIT); and
- support services like fax-a-professor, teleconference, email.

Universities already well-known to local students can afford to be very focused in their competitive strategy. Monash University, for instance, operates in the bachelor degree market only. Offering degree programs by correspondence in accountancy, business and computing for students who eventually wish to transfer credits to on-campus programs seems to be a *market specialisation* strategy that capitalises on the university's existing popularity among Singapore students.

Several universities adopt a broader strategy of *selective specialisation* in response to perceived opportunities. For example, Central Queensland University (CQU) offers two master degree programs in finance and marketing respectively, and two undergraduate programs in commerce and information technology respectively. Likewise, RMIT offers an international business program at masters degree level, and two programs in business and accountancy at bachelors degree level.

Seven of the 15 Australian institutions offer single programs, perhaps to fill a perceived niche, or simply to have a presence in the Singapore market. The Universities of Tasmania and Western Australia each offers a general business degree in a *program specialisation* strategy: a BA in Business and an MBA respectively. These programs compete in crowded arenas. Some single programs are specialised in nature and appeal to specific market segments like software engineers (Curtin's MSc. in software engineering), project managers (QUT's Master in Project Management) and quality assurance managers (Wollongong's MSc in Quality Management). Such *program/market concentration* is arguably the trend of the future, when the MBA market gets saturated.

Another emerging trend seems to be the entry of doctoral degree programs. Besides the Doctor of Business Administration offered jointly by the Henley Management College and Brunel-West London University, two of the earliest entrants into the distance learning markets in Asia, the University of South Australia also offers a PhD in Business Management. As the master degree markets grow, the pool of candidates eligible for the doctoral degree increases. Singaporeans aspire for what is still considered 'unusual and prestigious', in the words of Andrew Chen, Executive Director of the Asia Pacific Management Centre, University of South Australia's partner in Singapore (WED, August 1994). The competition in the distance education market looks set to shift beyond the undergraduate and master degree levels.

Marketing Mix Elements

As the distribution techniques are largely circumscribed by what the Singapore Government allows, that is, foreign institutions must enter into joint ventures with private educational consultants or professional associations, it may be appropriate – as Kinnell (1990) did – to modify the four Ps identified in the above into a matrix of ‘marketer elements’, namely offering, price and communication. In this discussion, ‘offering’ comprises courses and support services; ‘price’ refers to fees and costs; and ‘communication’ refers to promotion.

According to Porter (1986:20), there are only two types of competitive advantage – (1) low cost, or (2) differentiation:

Competitive advantage is a function of either providing comparable buyer value more efficiently than competitors (low costs), or performing activities at comparable cost but in unique ways that create more buyer value than competitors and hence, command a premium price (differentiation).

This research has therefore concentrated on examining the marketing communications of the course providers to compare their product positioning with respect to program characteristics and pricing.

Communication strategies

Advertisements carried in *The Straits Times* were studied for this report. Newspaper advertising regularly takes up between 45 and 55 per cent of the total advertising expenditure in Singapore (*Business Times*, January 20, 1995). *The Straits Times*, in particular, is a preferred vehicle for educational advertising due to its ability to reach a wide cross-section of English literate readers, and its regular focus on continuing education through sections like ‘Learning for Success’.

Advertisements on distance learning programs tend to be ‘look alike’. Almost invariably, they carry the following elements:

- Name of program – in bold.
- University’s name and crest – in bold.

- Name and logo of local joint venture partner.
- Black-on-white copy – this describes the reputation of the university, features of the program, admission criteria, number of intakes, dates of previews and the usual telephone details. Sometimes there is mention of the local support and reputation of the local organiser. The tone is almost always formal, business-like and the appeal is cognitive.
- Photos are used only occasionally, and usually feature graduands or library or computer facilities.

Creativity does not seem to be a high priority, and the advertising objective appears to be informational above all else. Only one advertisement stood out during the period under review. A full-page of *The Straits Times* carried the names of graduates of earlier intakes, implying that the MBA from the University of Hull was popular, established, and had a high success rate, in Singapore. It also had the effect of strong client orientation and identification, appealing emotively as well as cognitively, especially to the relatives and friends of these past students whose names were featured.

Program brochures from the course providers are usually glossy, full-colour renderings that make any program look desirable. Featuring the universities in their splendour, faculty members with full credentials, graduands (usually including a few Asian faces) in attractive graduation costumes, and details of the programs, these brochures are liberally distributed at previews or sent out on request.

A third communication strategy involves *personal contact* with prospective students. The reception of people attending program previews is almost always professional, even friendly. Both local ‘consultants’ and faculties from the foreign universities take pains to be articulate, thorough and patient. After a person attend a preview and leaves without making a commitment, there will inevitably be a telephone follow-up call within a few days. Consultation by telephone with persons too busy to attend previews is usually just as courteous and persistent.

Price – Fees and Costs

According to research, consumers see price as an indicator of the quality of a product or service. Hence they seem wary of schools that charge significantly less than comparable schools (Kotler and Fox, 1985:243). In Singapore, price is not often prominent in a program's sales pitch. At most, the reference will be to 'affordable fees'. The local consumer of distance learning programs is usually discerning enough to look at effective price, that is, what the fees cover, what sponsorship or loans might be available, and what the payment schedule is like. Universities and their local partners usually have arrangements with banks to provide preferential study loans, as well as collect fees by instalment. Fees usually cover all textbooks and course materials, and local classroom contact with lecturers, but do not cover expenses for on-campus residential classes.

The real price to students also includes the opportunity cost of foregoing some other activity, and the effort, time and psychological burden of studying a program. Hence the assessment of a program's value is highly subjective. Nevertheless, education is usually seen as a substantial financial commitment which students take time and trouble to research and compare. Listed fees for the various levels of business programs are estimated as follows:

- Doctoral degrees – S\$39,000 to S\$46,350
- Masters degrees – S\$11,000 to S\$25,000
- Bachelors degrees – S\$10,000 to S\$15,000

These prices would be higher in real terms, but still affordable compared with the real cost of reading for a full-time degree overseas or even in Singapore. Counting in the loss of earnings, a full-time two-year MBA could cost an executive between S\$75,000 and S\$90,000 to do locally, and more than US\$100,000 to do in the US (*The Straits Times*, October 19, 1994).

On the part of course providers, the real cost includes overheads, lecturer salaries and travelling expenses (if flown in from abroad), promotional expenses and consumables. Programs that involve classroom sessions with visiting faculty members are generally

more expensive than those that rely entirely on correspondence or local tutors. While most educational institutions are non-profit organisations, surplus maximisation is an important objective. Distance learning programs are a particularly important source of revenue for universities from relatively depressed economies, hence the courses are priced higher than equivalent ones offered in Singapore's tertiary institutions. Because of the limited places offered by local institutions, and because Singapore students tend to rate foreign education higher than that in Singapore (*The Straits Times*, September 21, 1993), distance programs offer a happy compromise for students who cannot enter local institutions and cannot go overseas. It is an option that many are willing to pay for.

Product – Courses and Support Services

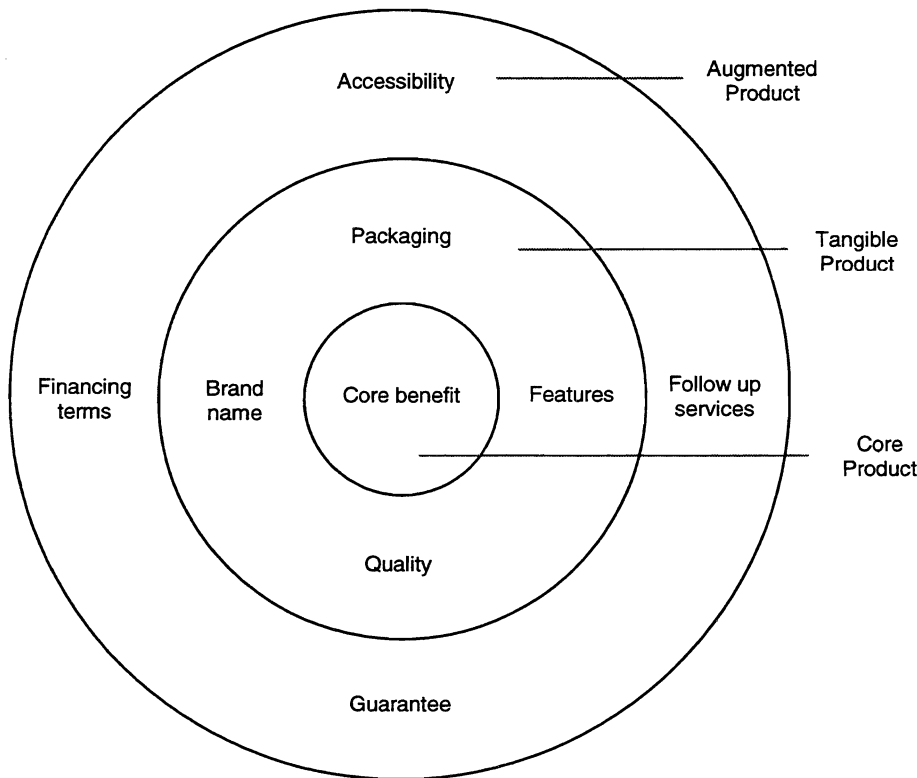
British and American universities have a larger presence in the masters degrees sector, while Australian universities maintain a stronger presence in the bachelors degrees sector. Sixteen of the 19 British universities offer master's degrees, nine of which are MBAs without specific functional specialisations. The trend is, increasingly, to veer away from the generalised MBA and towards specialised MBAs, MScs and other masters degrees that might be perceived as being directly relevant to certain industries. One advertisement taunts, 'Why do an MBA when you need a Master in Technology Management?' Supporters of the generalised MBA still regard it to be worthwhile for the reasons that it provides a 'helicopter view' of management in place of narrow departmentalism, that it develops critical thinking, and that it instils self and work discipline (Tan 1994:4).

This tussle between the generalised MBA and the specialised masters degrees illustrates that product differentiation in distance learning programs occurs mostly at the tangible product level.

Using Figure 2 as a framework (Kotler and Fox 1985:223), the core benefit expected from enrolling in such programs would be to receive a paper qualification. Undoubtedly, core benefits may also be translated into intangibles like 'develop management skill', 'stand out from the crowd', 'networking' or 'get a better job'. Hence degree programs are generally perceived to be valuable, especially at the masters level. Yet even the popular MBA has not been spared from criticism like this:

‘While it is still a sought-after degree by companies as an acknowledgement of sound business acumen, at its worst it is just a high-quality A4-sized paper’ (*The Straits Times*, October 19, 1994). Until the various types of programs can make significant differences in their students’ business knowledge and performance, it would be difficult for any to claim real competitive advantage at the *core product* level.

Figure 2: Three Levels of Product



(Adapted from Kotler and Fox 1985:223)

At the *augmented product* level, there is again not very much differentiation. A range of prices for every program category make it possible for students with different budgets to find a suitable program, and financing arrangements are similar. Local joint-venture partners are obligated to provide supporting services like library and computer facilities, course materials, local tutors, and the administration of classes, examinations and the collection of fees. Only in a small number of cases would the level of support provided locally determine if students chose a program. For example, the Singapore Institute of Management has attracted students to the overseas programs it represents partly because of its stature as Singapore’s premier private business training institute and the government-appointed administrator of the Open University.

The greatest degree of product differentiation appears to be at the level of the *tangible product*. The names of programs is perhaps the starting point at which competitors attempt to differentiate. The generalised MBA appears to be under increasing challenge from MBAs with subject specialisations such as 'International MBA' (Strathclyde Business School), 'MBA in Information Technology Management' (Hull), or 'MBA in Finance' (Oklahoma City). Each of these closely resembles the generalised MBA in that they cover many of the same core subjects like economics, accounting, decision science, organisational studies, marketing, human resource management, and so on. However, each of them also has several subjects that are different and perceived to given better definition to their target market. The Strathclyde program, for instance, has unique options like 'legal aspects of international trade' and 'Japan – Economy, Industry, Management'.

Some universities go further in differentiating their masters degree programs from the MBA stable by using names like 'MSc in Human Resource Management' (Rutgers), 'MA in Asia Pacific Studies' (Leeds), and 'Master in Project Management' (QUT). These programs have distinctly different orientations and subject emphasis from one another, and from the MBA range of programs. Increasingly, this trend is also observed at the bachelor degree level, where programs are offered with a plethora of subject specialisations.

The two doctoral degree programs already being offered are also differentiated by name, 'PhD in Business and Management' (South Australia) and 'Doctor of Business Administration' (Brunel), though their complexion and contents are rather similar.

Other program features used for differentiation include:

- some classroom sessions vs. complete self-study;
- lectures by university faculty vs. local lecturers/tutors;
- materials developed by university vs. materials developed by local lecturers/tutors; and
- Partially on-campus in home institution vs. completely off-campus in Singapore.

Conclusion

Assuming prospective students are set on doing a distance learning program, they should heed the advice of Dr Charles Armitage, former Director of the Poon Kam Kai Institute of Management at Hong Kong University, and ask further:

1. Does the institution have some quality control over the teaching materials and the instructors?
2. Does the organisation conduct research, or write cases, or consult with business and/or government?
3. Does the program have a local or regional focus which you are familiar with?
4. Is the program focused on the future, tackling issues such as the management of change, effective international management, cross-cultural concerns, and product or service improvement?

While this advice is helpful to the prospective student (WED, September 1992:83), it is equally pertinent to institutions participating in the distance learning markets of Asia. The field of business education is inundated with offerings of all hues, and consumer choice is virtually unlimited. Effective competitive positioning will depend on how well institutions can design and package their programs to meet the most discerning needs.

Some competitive trends that foreign institutions have to take cognisance of include:

1. Some programs may have reached a stage in the product life cycle that may not warrant further marketing investment unless they are re-developed at the tangible product level to add value and differentiate them from competitors. For example, the MBA is in a mature and saturated market, and may be seen as a 'cash cow' if the institution is lucky, or an 'old dog' if it is not. Its continuing appeal will depend on its blend of product features, perceived quality, brand name and packaging.

2. Asia's home-grown institutions are presenting formidable competition to foreign universities, and some analysts think it is a matter of time before their degrees are rated just as highly. Syrett (1993:48) feels that the quality of many imported business programs is so appalling that they would be run out of the market when the relatively young indigenous schools build-up their resources and reputations. Singapore's two universities, already ranked among Asia's top 25, have achieved competitive coups through teaming up with some of the world's leading business schools from the US, as well as through offering joint Chinese language business programs with China's Tsinghua University: a strategy with an eye on the Asia-Pacific region's future economic leader.

3. The emergence of customised business training – sometimes dubbed 'the corporate MBA' or 'executive management program' – is another threat to the long-term prospects of distance learning programs. The latter may hold its ground so long as the core benefit consumers desire is the formal qualification. But as the devaluation of such qualification continues, with consumers having to pursue ever-higher degrees, employers may find it more cost-beneficial to employ less formally educated executives and put them through customised training instead. Some of the world's leading multinationals with regional operating headquarters in Singapore, such as Shell and Motorola, usually seen as a rich source of students for the foreign distance education sector, have vast in-company training facilities that can rival those of many business schools. Often, the corporate expertise in those organisations is seen as being more pragmatic and helpful in the training of executives than the academic (theoretical) knowledge that business schools can provide.

4. Distance educators in the Singapore market are still enjoying a healthy trade, especially when their programs attract students from the region as well. But Malaysia, Indonesia, Thailand and the Philippines are rapidly developing their domestic education industries, often giving more concessions to foreign institutions than the Singapore Government is prepared to. Students from these traditional sources will find it more cost-effective to stay home. However insatiable an appetite for further education Singaporeans have – their capacity to sustain the distance learning industry is limited by small numbers.

The future of the foreign business education programs in Singapore may depend on their portability as Singaporean executives become increasingly mobile throughout the world, and on their ability to provide a global perspective as Singapore's entire economic development is inextricably entwined with the world's.

The education sector may already be experiencing the effects of the on-going Asian currency crisis, which has pushed up the costs of foreign (Western) imports, including education. Without the government subsidies that local institutions in Singapore enjoy (and there are plans to open more public tertiary institutions for business education), foreign programs will find it even harder in a less vibrant economy to compete with local ones on price alone. The silver lining, though, lies in the relatively lower real cost of taking a distance education course than a full-time course on-campus in a foreign country. Resilient distance education operators may gather the fall-out from reduced numbers of students going overseas. Foreign education providers may also take comfort in the traditional Singaporean response to recession, and that is, to increase spending on training and education in preparation for the next upswing. If their tangible products are competitive, there is every reason to remain in that market.

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