

Sources of competitive advantage in the field of higher education. Case Study: Transilvania University of Brasov

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Abstract: *The field of higher education is facing new challenges at world level. Universities have to find new sources of competitive advantages in order to develop and grow. The competition from online courses at low prices might become a threat but reputation of universities and accreditation systems are helping universities to face new challenges. Universities should adapt to the new competitive landscape and should use new strategies in the field of human resources, cost reductions, research, partnerships with companies and other universities..*

Key-words: *universities, strategies, online courses, costs*

1. Introduction

In the field of higher education there is a trend to develop research universities and the competition between countries is increasing because high skilled people and higher value added products can help nations to gain competitive advantages.

In the european models of higher education the state has a well defined role through financing and tuition fees paid by students are very low. In the american model students have to pay high tuition fees in universities but they can have access at loans and grants from the government, that is why a mixed funding system has been developed. A similar system is used in Britain where fees can be covered with a loan from the government, repayable by the student after graduation if the level of the salary exceeds a certain limit. In USA students have access at loans for universities but they have to repay them irrespective of their earnings. The american higher education system is considered very expensive and inequitable.

The private sector is very active in higher education in many countries like USA, Britain, while in other countries like Germany education is considered a public good.

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2. New trends in higher education at international level

An important trend in higher education is the increase of costs. Between 2007 and 2012, in USA, the average tuition fees rose by 20% while in Britain tuition fees rose from 6000 pounds per year to 9000 pounds per year.

Some universities, like the British ones charge foreign students with higher tuition fees, as a source of financing. Another source of financing are donations from the graduates working in different companies all over the world. In this way universities can depend less on the government and funds obtained from famous graduates can be used for research and development. In June 2015 Harvard University's engineering school received a donation of 400 million dollars from a hedge-fund manager, being the biggest donation ever received by Harvard. Stanford received 1 billion dollars from donors in 2014, representing 50000 dollars for each student in comparison with Berkeley with 10000 dollars per student. (*The Economist*, 13th of June, 2015, p.40).

Funds received by universities from governments and private sources could become competitive advantages as well. For example, in Saudi Arabia, 20 billion dollars were spent for endowments in universities. In Japan, extra funds were given to research universities and in Great Britain more funds are used by the top universities. (*The Economist*, 28th of March, 2015, p.44).

Many universities receive funds on the basis of research performed and not on the basis of the quality of education. The number of students enrolled in a certain university is also linked to quality. A smaller number of graduates make the diplomas more valuable. The prestigious universities choose students with high grades and are also attentive at many other talents of the students and extra curricular activities.

The American model of relationship between companies and universities was successful because companies provide funds to universities in exchange of graduates and research projects performed by universities. The model was adopted by European universities as well.

In different parts of the world the number of students is increasing, a good example being China where the number of graduates exceeds those from America and India. The Chinese government has developed a program for bringing back the Chinese graduates from abroad and have offered them salaries 8 times higher.

European Union established for itself the objective of becoming the "Europe of Knowledge", so, developing education became indispensable. A lot of higher institutions for the member states expressed their will to create the conditions of research, becoming "challengers" in the research area. (Tescasiu 2014, 263)

Globalisation has changed the rules of the game and more people from poorer countries have access at well paid jobs all over the world. Continuous staff development is a prerequisite for business success (Băltescu 2010, 231). At the same time an important trend is related to standardization, a premise of international

communication improvement and the information transfer increase rhythm (Madar, and Neacșu 2010, 61).

Technology is one of the drivers of change in the high education field because advances in technologies determine people to acquire new skills and to be better educated in order to be accepted for new jobs. There is also an increasing demand for postgraduate courses, in US and Britain 14% of the adults having a postgraduate degree.

The university degree could be considered a good investment in many countries in the world. For example, the American graduates earn 77% more a year than the secondary school graduates, compared to 57% in Britain, 47% in France and 25% in Sweden (The Economist, 28th of June, 2015, p.66).

The 30 year return on a bachelor degree from Caltech and MIT is 2 million dollars. The college premium in USA is 125% for engineering graduates, while for students of psychology or social work the figure is 40%.

Another important trend in the field of higher education is the development of online courses. American universities have started to offer online courses at a very low cost, one third of their students being Americans and the rest coming from developing nations. They have also plans to expand in the Asian countries. If this trend continues, the risk of bankruptcy for many universities will rise. In this field of higher education based on new technologies the famous universities will win because the brand name is important. In this situation, employment in education would drop by 30% and more than 700 institutions would shut their doors (*The Economist*, 28th of June, 2015, p.11).

In our days, the Internet with all that it provides, becoming an important part of everyone's everyday life (Chițu and Tecau 2012, p. 31). In this online world, global competition between universities will increase. The differentiation strategy will be based on reputation and accreditation.

The mixed systems, including online courses and traditional ones are being developed. There are some American universities offering online courses for two years and traditional courses for two years. The most important disadvantages of online courses are: online tests can be made by other persons, students do not learn how to work in a team, how to communicate and be involved in debates.

The decrease of university staff is the highest risk created by online courses.

A master degree in computing with a cost of 25000 dollars has a strong competitor of online courses developed by Georgia Institute of Technology and Udacity with the telecom company AT&T, the price of the online course being 7000 dollars. If companies will accept diplomas from online courses in the same manner as traditional ones, then the future of universities is uncertain. (*The Economist*, 28th of June, 2015, p.20).

A barrier faced by online courses is linked to the attitude of companies, many companies considering that online courses can not replace the traditional degrees.

The labour market is changing and new technologies have a big impact on job losses. In the banking system, in retail, many people have been replaced with machines and robots. That is why, people need more education because globalisation and automation have decreased demand for lower educated people.

A new trend in the field of higher education is linked to high investments in new technologies, in modern libraries and students campuses. There is a strong competition among universities to attract students by using the best endowments in course rooms, in libraries and in accommodation units.

3. Competitive strategies adopted by Transilvania University of Brasov

The Transilvania University of Brasov comprises 18 faculties with 20000 students and 800 teachers and offers 103 Bachelor Study programmes- full time, part time and distance learning, 66 Master Study programmes and 18 fields for PhD studies. The university offers 7 undergraduate programmes and 4 Master programmes in English, 1 undergraduate programme and 2 Master programmes in German and 1 Master programme in French. (www.unitbv.ro).

The tuition fees for non-EU citizens range from 1980 euro per year for the bachelor programmes in Psychology to 4000 euro per year for Medicine and 6750 euro per year for Music. The university has 72 agreements and partnerships with universities from all over the world, including countries like China, USA, Irak, Mexico, Canada, Ecuador, Israel and Marocco. Within the Erasmus programme, the university has concluded agreements with 280 universities.

In the period 2014-2015 the university has offered scholarship programs financed by China and Germany, internships in Spain, Italy and Austria.

Regarding online courses, a free online course on open entrepreneurship was offered by a German university to students from Transilvania University.

The faculties have organized in the period 2014-2015 a number of 17 international conferences. In order to face national and international competition in higher education, Transilvania University has developed several strategies in the field of human resources, research projects, relationship with companies and public organizations, scholarships, partnerships with other universities, Erasmus programs.

In order to improve the relationship with companies and to offer students the opportunity to provide research papers useful to companies, the university has organized the conference „Graduates in front of companies” where 170 students have participated and 100 representatives from 40 companies all over the country. The aim of the conference was to bring together students and companies and to try to find the most interesting research projects. A lot of grants were awarded to the best students. The discussions with students and researches made at the university level have shown that the university should increase its efforts to extend practice and to improve relationships with companies. Themes for the graduation theses should

come from companies and companies' representatives should also express an opinion on these papers. The projects given to students during studies should be applied at real situations, involving different companies and organizations.

The partnerships with foreign universities should expand from collaboration in research projects, exchange of professors and students within the Erasmus programs to accepting foreign students to study for one year for an intercultural experience. This model is already used by British universities and is based on agreements with other universities from all over the world offering the students the opportunity to know other cultures and education systems.

As shown in an empirical study by Marinescu (2008), students of the Transilvania University of Brasov have been attracted by the opportunity of an Erasmus stage abroad by various benefits such as: quality of education, up-to-date means of information, international experience in a multicultural environment, better knowledge of the foreign language and possibility to apply the acquired skills.

The internationalization process has been further extended in Transilvania University with the introduction of new specializations, like Chinese Studies within the Faculty of Foreign Languages. For foreign students wishing to attend courses in Romanian language, the same faculty offers courses of romanian language for foreign students.

4. Conclusions

The participation of the university at educational fairs at national and international level might attract a significant number of students. Efforts have been intensified at national level but more funds should be allocated for promotion at international level. The model used by british and american universities in Romania might be a starting point.

The relationship with graduates have constantly been improved and many famous graduates are being invited at different conferences and events within the university but graduates might also be attracted to be involved more in university's life. Collaboration with the companies they manage, donations for laboratories and references about their education in the university might bring a lot of advantages to the university.

Regarding online courses, Transilvania University has introduced an online platform for the students attending the Distance Learning Courses. In the future, online courses might be combined with traditional ones, in order to attract more people who are working in different companies. Postgraduate courses become in this way more efficient and more attractive.

Transilvania University might offer shorter courses and specializations in different fields within lifelong learning programs, approaching the market of „competency-based education”. For example, many american universities have

teamed up with companies to provide job-related qualifications that can be completed in six to 12 months. In this situation education and work are much more interrelated. The emphasis on competences will help students to acquire new skills at low costs and will help companies to offer continuous training. The costs of these courses might be divided between students and companies. As an example, the American company Starbucks covers from 2015 for its top performing employees the tuition fees for the last two years of college if they get their degree online from Arizona State University. In this way the company reduces the costs of training and integrating new workers. (*The Economist* 21st of June, 2015, p.61)

Transilvania university cooperates with more than 150 universities and institutions all over the world. At national level the university has developed partnerships with several multinational companies with production units in Brașov county. Examples include Tata Technologies, Aerotec, Preh, Draxlmaier, Siemens, Continental, Miele, Renault, Autoliv, Schaeffler. The university should increase the number of partnerships with companies that can offer practical experience, scholarships and jobs for students. The university should include more volunteer activities, more contests and extracurricular activities which could help students develop skills in different fields.

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