

CASE STUDY ON SENTRAL COLLEGE PENANG
THE MARKETING STRATEGY TO CAPTURE MARKET SHARE

By

TAN PENG HOOI

Research report in partial fulfilment for the requirements

for the degree of

Master of Business Administration

Universiti Sains Malaysia

2014

ACKNOWLEDGEMENT

This dissertation was a challenging module in my entire MBA program. The completion of this management project would not be possible without the support of many significant people.

First of all, I would like to take this opportunity to express my utmost appreciation and gratitude to my supervisor Tuan Haji Noor Nasir Kader Ali for his dedication in guiding me throughout the project, despite my last minute appointment with him. My deepest thanks to his intellectual input, patience and valuable time granted that gave me the confidence to complete the dissertation despite time constraints.

My appreciation also goes to the management of SENTRAL College Penang. The opportunity granted, assistance and insightful sharing have made my research become an extraordinary learning experience. I am also grateful of their continuous support even after the interview and sharing were done.

Last but not least, my warmest appreciation to my family, friends and course mates for the encouragement given throughout the process.

TABLE OF CONTENT

ACKNOWLEDGEMENT	i
TABLE OF CONTENT	ii
LIST OF TABLE	v
LIST OF FIGURES	v
ABSTRAK	vi
ABSTRACT	vii
EXECUTIVE SUMMARY	viii
CHAPTER 1: INTRODUCTION.....	1
1.1 Background of Study.....	1
1.2 Problem Statement.....	3
1.3 Issues to be Investigated	4
1.4 Research Objectives.....	4
1.5 Research Questions.....	5
1.6 Significance of Research.....	5
CHAPTER 2: LITERATURE REVIEW.....	6
2.1 Marketing Evolution	6
2.2 Traditional Marketing Mix 4Ps	6
2.3 Extended Marketing Mix 7Ps	9
CHAPTER 3: INDUSTRY PROFILE	12
3.1 Tertiary Education	12
3.2 Ministry of Higher Education Malaysia	13
3.3 Competition in the Education Industry	16

CHAPTER 4: METHODOLOGY.....	20
4.1 Introduction.....	20
4.2 Data Collection.....	20
4.2.1 Interview Processes.....	20
4.2.2 Observations.....	21
4.2.3 Secondary Data	21
4.3 Interview Protocols.....	21
4.4 Data Linkage.....	22
4.5 Analysis Techniques.....	23
CHAPTER 5: CASE WRITE- UP & CASE ANALYSIS	24
Trend of intakes	24
5.1 Company Profile	25
5.1.1 Vision, Mission and Goals	26
5.1.2 Organization Structure	31
5.2 Internal Barriers	35
5.2.1 Product	35
5.2.2 New Program	37
5.2.3 Promotion	38
5.2.4 Pricing	39
5.2.5 Physical Evidence	40
5.2.6 People & Process: Decision Making	40
CHAPTER 6: RECOMMENDATION	
6.1 Product	44
6.2 New Program	45
6.3 Promotion	45
6.4 Pricing	47
6.5 Physical Evidence	47
6.6 People & Process: Decision Making	48

6.7	Corporate Governance	48
6.8	Long Term Strategy	49
CHAPTER 7: CONCLUSION		50
7.1	Limitation of Research	50
7.1.1	Future Research	51
References		52
Appendix		54

LIST OF TABLES

Table 1: Data Linkages 22
Table 2: Programs offered 34

LIST OF FIGURES

Figure 1: Organization Chart 31

ABSTRAK

Kajian kes ini dibangunkan berdasarkan sebuah institusi pengajian tinggi swasta (IPTS) yang terletak di Pulau Pinang yang menawarkan program pengajian tinggi antara Sijil , Diploma, Ijazah , latihan berasaskan kemahiran dan juga profesional kelayakan.

Dalam kes ini kajian meneroka apakah isu-isu menghadapi sederhana IPTS kecil yang beroperasi dalam industri yang berdaya saing yang lebih tinggi , bersaing dengan 559 IPTS termasuk institusi pengajian tinggi awam . Saya menganalisis isu-isu yang dihadapi oleh industri serta isu-isu khusus yang dihadapi oleh syarikat itu.

Daripada analisis melalui temuduga dengan pihak pengurusan dan memerhatikan aktiviti dalam syarikat ini, saya dapat mengenal pasti tiga punca utama masalah yang dihadapi oleh syarikat itu. Pertama menjadi kekurangan tadbir urus korporat yang menyebabkan Pengurusan tidak dapat bertindak dengan yakin. Kedua menjadi kekurangan maklumat bagi pengurusan untuk dapat membuat keputusan dengan cekap dan ketiga menjadi fungsi pemasaran tidak menggunakan sepenuhnya semua kaedah yang sesuai untuk menarik pelanggan yang betul. Dari akar menyebabkan jangka pendek dan jangka panjang beberapa penyelesaian yang disyorkan.

ABSTRACT

This case study was developed based on a private higher education institution (PHEI) located in Penang which offer tertiary education programs ranges from Certificate, Diploma, Degree, Skill-based training as well as Professional qualifications.

In this case study explores what are the issues faces a small medium PHEI which is operating in a higher competitive industry, competing with 559 PHEI including public higher education institution. I analyze the issues face by the industry as well as specific issues faced by the company.

From the analysis through interviewing with the management and observing the activity in the company, I can identify three root causes of the problem facing the company. First being the lack of corporate governance which results in Management unable to act confidently. Second being the lack of information for the management to be able to make decision efficiently and thirdly being the marketing function not fully utilizes all the appropriate tools to attract the right customers. From the root causes a few short-term and long term solutions are suggested.

EXECUTIVE SUMMARY

Education industry has been growing at about 6% per annum and has attracted many players in the industry. This is particularly so as Malaysia is vying itself to be the regional education centre due to its relative well English speaking population. However as a small player in the industry, it is facing a lot of competition from other local as well as foreign big players who have taken interest in the industry. In face of more competition in the industry, small player like SENTRAL has to further fine tune its strategy in terms of market position as well as the way decisions are made so that it can react faster to the ever fast changing environment.

On the surface it seems like the company is slow in introducing new marketing initiatives. The blame is on the top management. However upon further investigation a few root causes of the issues were identified namely the function of its Board of Director, the corporate governance issues and the role of marketing department in the company.

Short term recommendations include fine tuning its marketing mix in terms of product offering, promotion, pricing, people and process. In the aspect of physical evidence it is doing the right things by moving to its new campus.

However the long term recommendation should include restructuring the corporate structure to enhance corporate governance so that management can be more responsive to changes in external environment.

Limitation of the study is that it only focuses on the marketing strategy of the company, whereas other factors like service quality and corporate governance might also be relevant as they affect the effectiveness of marketing strategy.

Future areas of exploration may include exploring the application of Blue Ocean Strategy (BOS) in education industry as small medium education institution try to avoid the severe competition in the traditional market.

1. INTRODUCTION

1.1. Background of the study

Education is the cornerstone of a country's development as it plays a crucial role of producing the required human resources to achieve the aspirations of the nation. In the Malaysia Education Blueprint 2013 to 2025, the report listed the need to produce students "who are knowledgeable, able to think critically and creatively, show leadership and able to communicate with the rest of the world, and imbued with values, ethics and sense of nationhood".

In March 2004, the Ministry of Education (MOE) in Malaysia was restructured into two ministries; namely MOE which will oversee education up to pre-tertiary level (pre-school to secondary education), and Ministry of Higher Education (MOHE) which have jurisdiction over post secondary education. The goal of this restructuring is to make Malaysia a centre of educational excellence.

Though education industry is opened to the private sector, the education landscape up to pre-tertiary level is predominantly public schools. This is partly due to: firstly the government's commitments to provide everyone with free education up to secondary level; secondly due to strict regulatory frameworks by the MOE on the curricular design.

On the other hand the participation of private sector in the tertiary education is more prominent especially with the passage of the Private Higher Education Institutions Act 1996, where private universities and universities colleges are authorized to confer their own degrees. According to the Malaysian Qualification Register of MQA, currently there are twenty nine (29) public universities, ninety two (92) private universities or university colleges, four (4) foreign university campus, thirty (30)

polytechnics, ninety six (96) community college and three hundred fifty one (351) private colleges.

Many of these private higher education institutions (PHEI) offer courses in cooperation with a foreign institute or university, especially in the United States, the United Kingdom and Australia, allowing students to spend a portion of their course duration abroad as well as getting overseas qualifications. Many PHEIs offer programs whereby the student does part of his degree course here and part of it in the other institutions or "twinning". The nature of these programs is somewhat diverse and ranges from the full "twinning" program where all credits and transcripts are transferable and admission is automatic to programs where the local institution offers an "associate degree" which is accepted at the discretion of the partnering university. In the latter case, acceptance of transcripts and credits is at the discretion of the partner.

However severe competition among the PHEIs had seen thirty (30) of them closed down in 2006 alone (Utusan Malaysia 2006). The existing players face the daunting task of attracting new students while trying to improve on their financial performance to justify further investment in infrastructure. PHEIs need to find a strategy to ensure their sustainable growth. If more PHEIs are ceasing operation, it is going to have negative impact on the national aspirations to be an excellence educational centre.

1.2. Problem Statement

SENTRAL College Penang (SCP) started as a private college in 2002 that specialized in providing skill based training to selected market-niches for instance the computer industry and tourism industry. The owner or investor of SCP, Mr. YEOH had previously founded another private college, Systematic which was subsequently listed on Kuala Lumpur Stock Exchange. Mr. YEOH subsequently sold off his stake in Systematic College.

To overcome the initial limitation of lack of in-house programs, SCP began its first intake by offering franchised program. The first program it offered was Diploma in Information Technology (DIT), with franchise from National Institute of Information and Technology (NIIT) of India. Over the years it initiated partnership with more reputable institutions of learning, both locally and internationally, before venturing out with its first in-house program of Diploma of Business Studies (DBS) in 2009.

Through the early period of establishment, the new student registrations of SCP have been growing consistently. However since 2010 there has been a drop in the number of new student registration. The management has been under pressure to revive the growth for the college. The ability to achieve higher than industry growth in the short to medium term will be strategic for SCP in view of the recent and expected changes initiated by the industry regulator, Ministry of Higher Education (MOHE). The need for a new strategy to attract more new students is more crucial now as the college has recently relocated in December 2013 to a new premise which is almost triple the size of the current premise and operating costs will be higher.

1.3. Issues to be investigated

What is the marketing strategy for a medium size PHEI like SCP and what should be new initiatives introduced to help the company to capture a bigger market share in order to ensure its sustainable growth in face of challenges from competitors, regulators requirements and shareholders' expectations? How can SCP turn itself to be one of the industry leaders in its niche market in Penang?

1.4. Research Objectives

The objective of this research is to refine the marketing strategy and execution for SCP so that it can capture larger market share in the future. The study also explores how SCP can leverage on its resources more effectively and efficiently in view of the dynamic environment. In order to refine the strategy, the following studies are needed:

- To understand the current market dynamics being practiced by SENTRAL College Penang (SCP);
- To understand the nature of planning process of SCP in formulating strategy in capturing the market;
- To understand how SCP manages its competitive advantages to find new niche areas of growth.

1.5. Research Questions

The following questions will be addressed in writing the report:

- What is the current marketing strategy for other players in the industry in particular small private colleges in Penang?
- What are the critical success factors for SENTRAL College Penang
- How the companies formulate and execute strategies to win more customers and sustain its growth in a highly competitive market?

1.6. Significance of the research

Though the Education Plan for Malaysia acts as a blueprint that should guide and steer the development of education industry, it is usually mired in the implementation stage. One such example is the reverting of medium of instruction for Sciences and Mathematics in the national secondary schools from English to Bahasa Malaysia, the national language. This shows that there are many factors to consider in education industry as various stakeholders are involved.

The haphazard manner in which the issue was handled created disillusion among people about the standard of national education in Malaysia. This might prompt the establishment of more private colleges or institutions of higher learning in Malaysia.

This research outcome hopes to provide a guide for existing or new PHEIs to identify and address particularly marketing issues in the education industry in Malaysia.

2. LITERATURE REVIEW

2.1 Marketing Evolution

Marketing concept had evolved over the years from the earliest Production Era, where there was unbound demand and major concern of companies was to find the best production methods to reduce costs of production. That era was followed by Selling Era, where the focus was shifted from mass production to mass selling where the main concern was on persuading customers to buy the products or services that companies were providing. The modern-day marketing concept evolved from world war two until late 1900s which coincided with the baby boomers. The Marketing Era focuses on finding what consumers want and to produce goods and services to fulfill the needs so as to achieve overall level of customer satisfaction. By doing that companies will achieve largest profit. The 4Ps (Product, Price, Promotion and Place) of marketing mix was given a lot of emphasis in the literature of marketing concepts and strategies. The latest evolution is the Relationship Era which emphasis on continuously learning and information gathering about what consumers want in the future. This coincided with the great advancement in technology where companies rely on Customer Relationships Management (CRM) software of social media to discover new trend in consumer needs and wants.

2.2 Traditional Marketing Mix: 4Ps

The Chartered Institute of Marketing (CIM) defines marketing as a management process in identifying; anticipating and satisfying customer needs in order to achieve profitability.

The definition implies that customers are the focus of marketing activities, in order to discover or identify their needs and wants. In essence marketing function is the study of market factors and forces and the development of market positioning to optimize benefits from it. It is about getting the right product or service at the right price and makes it available at the right time and right place.

In this ever increasingly competitive market where customers have plenty options to fulfill their needs and wants, getting close to them to understand what they really want is crucial in achieving competitive advantages and maintain customer loyalty. Customer loyalty is important nowadays because loyal customers will most likely result in recurring sales in the future and research shows that it is more cost effective to retain an existing customer than to create a new customer.

Traditionally a successful marketing strategy should address the 4Ps which namely Product, Price, Promotion and Place.

Products

The first P is Product which refers to the right goods or services that a company offers to its potential customers. The product development process involves making best use of its resources and technology to gain short term and long term competitive advantage for a company. The right product should be developed by taking into consideration the needs of customers and through understanding product and analysis of current and future market trend and technology development. Each customer is different and each will be looking for something different. A company that hopes to provide all the goods and services might find itself constrained by its resources.

Hence to better utilize its resources, a company might want to do market segmentation, by classifying the potential customers into different groups according to certain

factors like demographic or psychographics. This will enable a company to come out with products that closely match the requirement of its target market. Bearing in mind a product for the target market must give values to its customers.

Price

Price is the only P that provides revenue for the company to recover its cost. Hence a company would like to charge as high as possible. However, a customer is only willing to pay up to the perceived worth of the product. Hence a product is only worth what a customer is willing to pay for. The irony of pricing is that it gives indications to the customers about the quality promised from the offer. An expensive offer is perceived to be of higher quality and hence customers will expect more from the offer, failing which will result in customer dissatisfaction. Hence the price strategy can be used to position the product offering in the mind of customers.

A few pricing strategies can be adopted depend on the purpose and product life cycle. The basic strategy is cost plus, which might have a tendency to transfer inefficiency to customer. This strategy might also ignore the value proposition to its customers. The only advantage of this strategy is that it ensures every unit sale is able to recover its cost but might come at the expense of total profit. Other pricing strategies for new product introduction include market penetration, market skimming and market follower pricing strategies.

Promotion

Promotion is the mean by which a company communicates with its customers about the availability of product, the price and place. Promotion play an important role in affecting customer satisfaction as it is also the mean by which the company keeps the

gap between promises making and promises keeping. An effective promotion should communicate the benefits of a product instead of just the features.

The general promotion activities include personal selling, advertising, publicity (public relation), packaging and branding. Some of the promotion activities are categorized as to pulling (include word of mouth, promotional discount and advertisement) strategies while others are known as pushing (direct selling, trade show and point of sale display) strategies. An effective promotion strategy should have a combination of push and pull factors.

With the advancement in information technology (IT) new means of communicating with customers to maintain a long term relationship has evolved, one of which is through Internet multimedia as well as social media.

Place

Place is the location when a customer purchase a product or consume a service. It must be convenient and easily accessible and made available to customer at the right place, right time and right quantity while keeping inventory cost at acceptable level. For service industry it is a tricky issue as the provision of service and its consumption tends to happen simultaneously, unlike product where it can be produced and stored first before selling to customer.

2.3 Extended Marketing Mix 7Ps

As education is a service industry, there is a need to extend the marketing mix due to its more complicated and subjective nature. A service industry generally has the following characteristics: it is more or less intangible and consists of activities or series of activities rather than things; to some extent it is produced and consumed

simultaneously and generally customers participate in the production (provision) process.

Customer satisfaction in service industry is perceived in a more subjective manner and usually expressed in the form of experience, trust, feeling and security.

In Parasuraman, A. et al “A conceptual model of service quality” he listed down ten determinant of perceived service quality which included:

1. Reliability (doing things right in the first time)
2. Service preparedness (willingness and proficiency in giving service)
3. Competence (knowledge and skill in giving service)
4. Availability
5. Courtesy (polite and respectful)
6. Communication (keep customer informed in a customer preferred language)
7. Credibility (dignity, confidence and honesty)
8. Safety and security (free from risk which include physical, financial and confidentiality)
9. Understanding (of customer needs) and
10. Tangible (evidence of service through environmental factor like location)

The three additional Ps namely People, Process and Physical evidence can be viewed in relation to the determinant above.

People

In business transaction whether is it providing goods or services, it involves interaction between people. Though advancement of technology has allowed automation to take over many of the simple and mundane function provided by people, there is a lack of human touch in interaction with machine. Hence to emphasis

personal care, many importance aspect of service provision is still rendered through people.

Anyone who comes in contact with customers will leave an impression or impact on the customers. The experience will have a crucial impact on whether the customer will be satisfied with the company products or services. Hence it is important that anyone in the company that will have contact with customers is well-trained as well as well motivated and have the right attitude and interpersonal skills. Sometimes the level of after sales services will give a company an added competitive advantage.

Process

The process of providing services to customers and the way it is executed will affect customer satisfaction. As service is more or less intangible, customers need to have the confidence and assurance that if anything happen to them, they are safe and secure, and there is a proper and standard procedure in dealing with expected or unexpected events or circumstances. To provide assurance to customer there is a need for documented procedure example standard of procedure (SOP) to assure that company is ready to provide the service.

Physical evidence

As service is generally intangible and customer cannot experience it before purchase or delivery, customers need some physical evidence that they are not at risk of purchasing the service. The customers' anxiety can be reduced or managed through evidence like testimonial or facilities example a well decorated reception area or a well located office will give some assurance about the service quality.

3. INDUSTRY PROFILE

The Malaysian education system encompasses education beginning from pre-school to university. Pre-tertiary education (pre-school to secondary education) is under the jurisdiction of the Ministry of Education (MOE) while tertiary or higher education is the responsibility of the Ministry of Higher Education (MOHE).

Primary schooling is mandatory for children between 7 and 12. For the research we will focus mainly on post-secondary school education where STCP is operating in.

Upon completion of secondary education, students can opt to pursue 1 to 2 years of post-secondary education. This is the university entrance preparatory course. In total, the 12 years of school education serves as the basic entry requirement into Year One of a bachelor's degree program in higher educational institutions.

3.1 Tertiary Education

At tertiary education level, institutions of higher learning offer courses leading to the awards of certificate, diploma, first degree and higher degree qualifications (at academic and professional fields). The duration of study for a basic bachelor degree program is 3 years and the courses of study at this level are provided by both the public and private education sectors, attracting many international students.

Tertiary education providers consist of two major groups:

- Public (government-funded) institutions of higher learning, for example, public universities, polytechnics, community colleges and teacher training institutes.

- Private (private-funded) higher educational institutions (PHEIs), for example, private universities, private university colleges, foreign branch campus universities and private colleges.

Government-funded Educational Institutions

The Government provides more than 95% of primary and secondary education as well as about 60% of the tertiary education, with the private sector providing the balance.

Private-funded Educational Institutions

The private education providers in Malaysia can be broadly grouped into 2 categories, depending on the levels of education offered, ranging from pre-school to tertiary education. These two categories of private institutions are:

- Private Educational Institutions (PEIs) which provide education at preschool, primary and secondary levels. They comprise private schools and foreign system schools.
- Private Higher Educational Institutions (PHEIs) which provide tertiary education leading to the awarding of certificate, diploma and degree qualifications.

3.2 Ministry of Higher Education Malaysia

Introduction

The Department of Higher Education is one of the four departments/sectors under the Ministry of Higher Education which regulates the nation's higher educational

institutions' affairs (both public and private). It was formed with the establishment of the Ministry of Higher Education on 27 March 2004.

The department is made up of several sectors or divisions that manage the vital processes in higher education that gears Malaysian higher institutions towards excellence through the coordination of policies, funding and activities. These divisions play their respective roles in improving the quality of education services and ensuring that programs offered by the public and private higher educational institutions in Malaysia are of high quality and international standards.

Functions

The key functions of the Department are:

- To draft, implement, monitor and evaluate policies, programs and activities of higher educational institutions with an aim towards higher education excellence.
- To develop an efficient and innovative management system for the higher educational institutions.
- To plan and ensure that the establishment of higher educational institutions and their facilities are conducive and of high quality which are at par with international best practices.
- To plan and coordinate the establishment of centers of excellence in higher educational institutions.
- To develop academicians of higher educational institutions who possess high scholastic qualifications to excel in their respective fields of specialisation.

- To research, draft, update and enforce the Acts that are related to higher education.
- To plan and coordinate policies that inculcate a research culture by strengthening research activities, development and commercialisation through better collaboration among higher educational institutions, industries and the government.
- To develop, monitor and supervise academic programs of higher educational institutions to fulfill the needs of the employment market and to gain international recognition.
- To draft, coordinate and execute the policies for local and international student admissions into higher educational institutions.
- To draft and coordinate policies as well as to plan the personal development and welfare of Malaysian students studying in local and foreign higher educational institutions, so as to produce holistic graduates in line with the national aspiration.
- To plan, encourage and coordinate activities for the internationalisation of Malaysian higher educational through various strategic approaches.
- To plan, implement and coordinate marketing activities of higher education locally and internationally, towards positioning Malaysia as a Centre of Educational Excellence.

Other strategies include incentives offered to institutions promoting education overseas; recognition of Malaysian degrees by foreign countries and the establishment of the Malaysian Qualifications Framework (MQF) under the management of the Malaysian qualifications Agency (MQA). The ultimate aim of all these strategies is to make Malaysia a ‘favoured’ destination for international and local students to pursue

tertiary education. In turn, it will make education an important export commodity that will generate foreign exchange for the country.

3.3 Competition in the Education Industry

Michael Porter's Five Forces Analysis is used to analyse the competition and hence the attractiveness of the education industry in Malaysia. For this case study we limit the discussion to tertiary education industry.

Porter's 5 forces include: i) Threat of new competition, ii) Threat of substitute products or services, iii) Bargaining power of customers, iv) Bargaining power of suppliers and v) Intensity of competitive rivalry.

Threat of new competition

Any new players in the education industry must have the approval from the Ministry of Higher Education (MOHE). In order to ensure that courses offered by the institutions are recognized by the Malaysian government, all new courses must go through the validation process by the Malaysian Qualification Agency (MQA). It is important for courses to be approved by MQA, otherwise students will have problems getting financial aids from the PTPTN Education Loan Scheme. PTPTN scheme was set up by government with the aim of providing education loans to students pursuing their studies in local institutions of higher learning (IPT). This loan will enable students to fully or partially pay their fees and their subsistence for the duration of their study in the IPT. Thus, this scheme provides greater opportunities to students to

continue their tertiary education. The existence of MOHE and MQA will limit the threat of new competition as the new players have to go through the compliance procedure set down by the ministry which can be time consuming. Besides the regulatory requirements, there is also demand for high capital as IPTs need to invest in physical facility in order to run the business. Example there is a need for land, building and facilities like library. IPTs also need to invest in Human resources especially in getting the academic staff with the right qualification and aptitude.

Threat of substitute products or services

As we move into the knowledge economy (K-economy) and with the ever changing business environment, there is continual need for individual to upgrade their knowledge and skills . Individuals who want to get a recognized qualification have to go through one of the IPTs as they are in the business of providing education and training. However with the advancement in Information Technology and easy accessibility of Internet services, individuals can upgrades their skills and knowledge informally through other means. It can be done through corporate training, in-house training, seminars and conferences provided by professional bodies. However these are generally very short term in tenure and do not enjoy the same recognition as the education and training provided by IPTs. In shorts there is minimum threat of substitute services to the education industry.

Bargaining power of buyers

Upon completion of the secondary education, students have the option to pursue higher education in the public or the private institute of higher learning. In Malaysia majority (60%) of the students will pursue their higher education in one of the public universities mainly due to the affordability as well as the recognition of the awards in the country. For private institution like SCP, the potential customers are those students who fail to gain entry into the public universities due to limited quota available, though they meet the minimum requirement set by the Ministry in order to pursue a higher education. These students have no choice but to pursue the higher education from the private universities or colleges in Malaysia or overseas. Though an overseas qualification is deemed valuable, the costs for that alternative are often exorbitant. Hence the bargaining power of the consumers can be limited. However there are about 559 private universities and colleges in Malaysia, which means customers could have plenty of choice. With the advancement in information technology, customers can easily do comparison through online search before making a choice. With the various type of HEIs targeting at different market segments, buyers have substantial bargaining power.

Bargaining power of Suppliers

For small HEIs like SCP one of its suppliers will be the partners with whom it offer the twinning courses. They can include another local university or a foreign university. In the game of negotiation, bigger university (suppliers) tend to have stronger bargaining power over SCP partly due to the proprietary program that they have as well as the financial strength that they have. As SCP only have college status, it could

not design and offer its own degree programs. Hence it has to work in partnerships with these HEIs with University status to offer their degree programs.

Recent trend shows that a few of these foreign Universities (e.g Heriot-Watt) which had worked in collaboration with local HEIs, have been setting up their own branches in Malaysia.

Intensity of competitive rivalry

The private higher education industry has been growing at an average annual rate of 5.5% from 2000 to 2005 with an estimated total fee income of RM1.5 billion in 2008 (Oh, 2009) has led to an the establishment of 443 private universities and colleges in Malaysia (MQA 2014). Competition can be intense especially when the major recruitment period is almost the same for all of these colleges. There is limitation as to the products being offered by each institution. Generally institute of higher education will provide courses that lead to a diploma, degree or Master and the courses offered can be broadly classified into schools of Arts and Social Sciences, Science, Engineering and Health. To differentiate from competitors, the private institutions can choose to target the premium market whereby they charge premium fees in exchange for better physical facilities, number of courses available and better learning experiences in term of quality of services. Other will choose to focus on affordability by providing only essential facilities and run limited number of courses that are perceived to have high demand or where limited investment in facilities is required.

4. METHODOLOGY

4.1. Introduction

This is an applied research with the objective to determine the root causes of the current predicament of the organization; that is the stagnation or decline in the financial performance despite growth in the competitors, and hence propose a solution to the problem. Data collection is to find out the if there is a mismatch between what the external environment offers in terms of opportunities and threats and what the organization have in terms of its own internal strength and weakness.

4.2. Data Collection

To get an in-depth understanding of the issues facing SCP, the following sources of data collection will be used:

4.2.1. Interview Process

Personal interviews is an important mean of collecting data as any questions can be clarified, doubts can be cleared with new questions. I can read non verbal cues to assess the validity of the statements made. The following key persons will be interview:

Principal / Chief Executive Officer (CEO), who will be able to provide information about Company Vision and its long term plans; the organization structures as well as corporate cultures or values and why they are important to the company; what are the pertinent issues faced by the company when dealing with its various stakeholders.

Heads of Department will be able to shed light on their functionality roles, how they are related to one another and how they contribute to the overall goals of the company and various stakeholders. The organization structure can be explored to see its effectiveness in dealing with changing environment.

Suppliers and Customers will be able to share their experiences of dealing with SCP. Their views can be used as a check-and-balance tool to assess how well SCP is being accepted by the external stakeholders, which in turn could be useful in defining the gap between what external stakeholders expects versus what they receive in term of quality of services.

4.2.2. Observations

Random observations will be made when lecturers deliver their lessons; when there is management meeting, project-specific meeting, and counseling session with potential customers and marketing activities to discover any system of standardization of delivery of quality service.

4.2.3. Secondary Data

Documents to be viewed includes minutes of management meeting, financial reports, press releases, student handbook, course or modules descriptors, reports by relevant authority and partners after official visits to SCP, documents on standard of procedure.

4.3. Interview Protocols

As the case study might involve strategic as well as tactical decision making in relation to changes in the environment factor as well as operation level, the interviews will be arranged with all levels of management. The top management will provide

insight into the national and industry outlook of the education industry in Malaysia. She will be able to give ideas as to what are the current and future challenges of the industry as well as the strategies to be implemented by the institution.

Middle level management like departmental heads will be able to provide information of their jobs scope and functions, as well as their working relationship. Are there any standard operating procedures (SOP) that guide their decision making and how consistent are their decision to the corporate objectives? In particular for the academic department, is there any SOP for new course introduction and internal quality control mechanism?

Interview with the first level management and other employees of the organization will help to discover if they are aware of the organization goals and how are they motivated to help the company to achieve its goals. How do they reconcile the different between personal and organizational goals?

4.4. Data Linkages

Research questions	Data sources and Methods	Justifications
What are the challenges and organization structure and culture? How decisions are made generally?	Interview: CEO/ Principal Documentary sources: organization chart, policy statements, company regulations, minutes of meeting	To evaluate if the current structure is suitable for the future and any changes is justifiable. Explore ability to make quick decision in face of changes.
How to segment the market and choose the	Interview: Marketing Manager	To evaluate if the marketing strategy is in line with the

target market? What is the theme of promotional materials?	Documentary sources: Newspaper advertisement, mass media outputs, Flyers for courses offered	company goals and ensure consistency in the marketing activities to attract the target market
How to develop new course? What are the goals when offer new courses? How to ensure quality of courses?	Interview: Academic Manager Documentary sources: SOP for course design, minutes of meeting	To evaluate if there is any SOP to ensure consistency of quality and any mechanism to address the issues of quality
How to recruit new staff? What are staff benefits, evaluation and training?	Interview: Human Resources Documentary sources: manuals for new recruits, employees KPI	To evaluate if the company is getting the right employees and whether they are motivated

Table 1: Data Linkages

4.5. Analysis Tools

SWOT Analysis will be utilized to have an understanding of the external and internal environment of the organization and try to establish any match / mismatch between them. The generic strategies based on Michael Porter models i.e. Differentiation, Cost leadership or Focus will be evaluated to see if they are suitable for the organization. Organization structure might be revised to make it more relevant to the more dynamic environment.

5 CASE WRITE-UP AND ANALYSIS

Trend of Intakes for Higher Education Institutions (HEIs) from 2010 to 2012

Data from the MOHE and MOE indicated that the total number of student intake for HEIs increased from 1,130,269 (in 2010) to 1,132,365 (in 2012) but there as a drop of 5% in 2011. However the breakdown show that over the same period, the number of intake for the public HEIs increased from 462,780 (2010) to 521,793 (2012) compared to the intakes for private HEIs which declined from 541,629 to 454,616.

Though data from SCP showed that over the same period, it managed to maintain its intakes at about 433 every year, the breakdown show that the full-time student intake actually dropped from 319 to 221 only. Part-time student especially ACCA constituted about 160 of the total intake every year. Hence the management concern about declining intake in the future is not without valid reasons.

The ability to increase student intake in the future is a serious challenge to the management in the near future in view of two developments, one internal and one external. Externally the competitive environment in private HEIs Is expected to increase in view of more new competitors expected in the market. At least four foreign universities from UK will be setting up branches in Malaysia and will be operational starting in 2014. For example Heriot-Watt University will be setting up new branch in Putrajaya which will start offering courses in 2014 (The Star Mar 2014). Others include Newcastle University, University of Southampton and University of Reading will be setting up branches in Malaysia by building their own campuses. This is in addition to the existing five foreign universities with branches in Malaysia including Monash, Curtin and Nottingham.