

# The positioning and competitive strategies of higher education institutions in the United Arab Emirates

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## Abstract

**Purpose** – The purpose of this study is to discover how higher education institutions may segment the market in a competitive higher education hub and to assess the usefulness of strategic group analysis as an analytical technique for market and competitor analysis. As a case example of a competitive higher education market, this research investigates how higher education institutions in the United Arab Emirates (UAE) position themselves and compete with one another.

**Design/methodology/approach** – The research relied mainly on secondary data, which were obtained from the websites of institutions and regulatory bodies. Then, hierarchical cluster analysis was used to identify strategic groups and institutional competitive strategies in the UAE higher education market. A panel of experts helped interpret and explain the cluster results.

**Findings** – Eight distinct institutional clusters were identified, which include public and privately owned institutions, as well as elite and specialist institutions. Institution and programme accreditation were found to be particularly important in the UAE market. The institutions in each group appear to operate in a particular market segment, targeting students that have similar needs and wants, and who often share similar demographic features.

**Practical implications** – It is concluded that strategic group analysis may help institutions to evaluate potential markets, select target segments and develop competitive strategies. In the UAE market context, the results demonstrate how institutions may position themselves to create strong and distinctive identities. The results of the research may be of interest to higher education institutions that operate in competitive markets, and particularly those that want to evaluate foreign markets.

**Originality/value** – This is believed to be the first study to use a strategic group approach for analysing competitors in a higher education hub.

**Keywords** Higher education hub, university strategy, higher education marketing, strategic group analysis, market positioning, United Arab Emirates

**Paper type** Research paper

## Introduction

Universities have always competed with one another for the best students, staff and resources. However, the increased marketisation of higher education in developed markets globally has accentuated the competition and rivalry existing between institutions. This is particularly noticeable in higher education hubs. While Boston has 35 institutions of higher education and London has 45 institutions, Dubai has a total of 62 higher education providers (Knowledge and Human Development Authority [KHDA], 2017). The marketisation of higher education has encouraged institutions to establish branch campuses in locations where they perceive there is unsatisfied student demand. For example, thirteen British universities based outside London have established a branch campus in London (QAA, 2014) and Dubai

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hosts 24 international branch campuses, i.e., the campuses of universities based in countries other than the United Arab Emirates (UAE) (KHDA, 2017).

In transnational education, the term ‘education hub’ is used by countries that aim to build a critical mass of students and education institutions, which through interaction and in some cases colocation, engage in education, training, knowledge production and innovation initiatives (Knight, 2011). The term ‘education hub’ is applied to both cities and countries. Malaysia, Qatar, Singapore and the UAE (which includes the emirates of Abu Dhabi, Dubai, Ras al Khaimah and Sharjah) are widely recognised as ‘new’ higher education hubs. Since the early 2000s, the new education hubs have seen substantial increases in the number of institutions established. In these hubs, institutions – both domestic and foreign – are typically concentrated in particular locations, which are often specially designated free zones. Free zones offer foreign institutions a range of benefits, which may include purpose-built infrastructure and premises, 100 per cent ownership, tax exemption, free capital repatriation, as well as a friendlier regulatory environment.

A number of previous studies have analysed the factors considered by higher education institutions when deciding whether or not to establish an overseas campus, as well as the factors determining the choice of location for such ventures (e.g. Tsiligiris, 2018; Wilkins, 2016; Wilkins and Huisman, 2012). The UAE, with a population of only 9.4 million, has over 100 higher education institutions. Several years after researchers warned that the UAE may have reached market saturation for transnational education providers (Alajoutsijärvi, Juusola, and Lamberg, 2014; Wilkins, 2010), foreign institutions still arrive, particularly in the Emirate of Dubai. Between 2016 and 2018, five institutions started offering degree programmes in Dubai in newly established campuses or study centres: the University of Balamand (Lebanon); the University of Birmingham (UK); Curtin University (Australia); Modul University (Austria); and the University of South Wales (UK).

As a case example of a very competitive higher education market, this research investigates how higher education institutions position themselves and compete in the UAE. The purpose of the study is to assess the usefulness of strategic group analysis as an analytical technique for market and competitor analysis. In recent years, higher education institutions have increasingly embraced marketing concepts such as branding, social media and digital communication, but there is less evidence that they are utilising the full range of marketing tools and techniques used in the business world, such as strategic group analysis (Hanover Research, 2014).

It is hypothesised that strategic group analysis may help institutions evaluate potential markets, select target segments and develop competitive strategies. The results may also be of interest to other higher education stakeholders such as students, employers and job-seeking academics. The study involved identifying the key market segments that exist in the UAE, and the strategies adopted by institutions to create unique market propositions that satisfy the students in different market segments. A strategic group competitor analysis that involved cluster analysis was used to analyse the data.

The following section discusses the higher education market in the UAE. Then, the concepts of competitor and market analysis are explained, as well as how strategic group analysis involving cluster analysis may be used as a tool to perform such analyses. Following a description of the study’s method, the key findings are summarised and discussed, which leads to a discussion of the implications for practitioners with responsibility for institution strategy.

### **The United Arab Emirates (UAE) – a competitive higher education hub**

The UAE was established as a federal state in 1971; it consists of seven emirates, each of which has its own ruler. The country has three general higher education institutions that are owned and controlled by the federal government: UAE University, established in 1977; the Higher Colleges of Technology, established in 1988; and Zayed University, established in 1998. There are two further specialised federal higher education institutions: the National Defense College and the Emirates Diplomatic Academy.

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Several of the emirates have set up their own higher education institutions, and the UAE Ministry of Higher Education classifies these institutions as private universities.

The UAE constitution recognises the role of education in the nation's development and UAE nationals do not pay tuition fees if they secure a place at one of the federal institutions. Some of the institutions owned by individual emirates also offer free tuition to UAE nationals, such as Khalifa University, which is accountable to the government of Abu Dhabi. In the 1990s, the UAE government decided to position the country as a regional higher education hub. By 2017, the UAE had over 100 higher education institutions (Nasir, 2017), which included 33 international branch campuses (OBHE/C-BERT, 2017). Most of the leading universities in the UAE have modern, attractive, well-designed and well-resourced campuses (see Figure 1).

Growth in the UAE's education system has been supported by both government policy and budgetary commitment (Ashour and Fatima, 2016). Within the UAE, there are four distinct higher education sub-hubs, namely Abu Dhabi, Dubai, Ras al Khaimah and Sharjah. Each of these emirates has adopted a different expansion strategy. In Sharjah, the government took responsibility for providing much of the new higher education capacity. In 1997, the ruler of Sharjah established two large general universities: the American University of Sharjah and the University of Sharjah. Sharjah's strategy has been to target quality over quantity, and within twenty years of their establishment, both of these institutions are ranked among the world's top 1,000 universities (THE, 2018a).

Abu Dhabi, like Sharjah, also aims to achieve quality over quantity, and the initial strategy involved the Abu Dhabi government inviting reputable institutions such as New York University and Paris Sorbonne to establish branch campuses, which it fully funded. However, following the merger in 2017 of Khalifa University with Masdar Institute of Science and Technology and The Petroleum Institute, the new enlarged Khalifa University, with over 5,000 students, has become recognised as the second ranked university in the Arab World (behind King Abdulaziz University in Saudi Arabia) (THE, 2018b), and among the top 350 universities in the world (THE, 2018a). Abu Dhabi is also home to other leading universities, such as Abu Dhabi University, a private institution that was established in 2003.

Dubai's strategy for increasing higher education capacity has been somewhat different to Abu Dhabi and Sharjah as it has adopted a free market approach, welcoming any institution that meets its quality standards. Higher education institutions have been established by individuals, companies, semi-government bodies and foreign universities. For example, Al Ghurair University was established by the Al Ghurair Group, a conglomerate with diverse business interests in manufacturing and real estate, while the University of Dubai is a fully owned subsidiary of the Dubai Chamber of Commerce and Industry.

The Emirate of Dubai has established a number of free zones that are attractive to both domestic and foreign institutions. The two best-known free zones are Dubai International Academic City (DIAC) and Dubai Knowledge Park (DKP). The Knowledge and Human Development Authority (KHDA) is responsible for higher education regulation and accreditation in Dubai's free zones. In 2017, 38 higher education institutions were operating in these free zones, 24 of which were the international branch campuses or international study centres of foreign universities (KHDA 2017). For example, Amity University (India), BITS Pilani (India), Curtin University (Australia), Heriot-Watt University (United Kingdom), Manipal University (India), Murdoch University (Australia) and the University of Birmingham (United Kingdom) are based at DIAC, while Islamic Azad University (Iran), Middlesex University (United Kingdom) and the University of Wollongong (Australia) are located at DKP. With a total of 62 higher education institutions (KHDA, 2017), the Emirate of Dubai has a vibrant but very competitive higher education market in which it is vital for institutions to each provide unique offerings to distinct market segments.

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Khalifa University



UAE University



American University in Sharjah



University of Sharjah



The British University in Dubai



Abu Dhabi University



New York University Abu Dhabi



University of Dubai

**Figure 1.** The leading universities in the United Arab Emirates (UAE) [All photographs taken by the author]

Ras al Khaimah, the most northerly of the emirates, is widely regarded as the ‘low cost, low quality’ option. Until 2017, any organisation could open a university in Ras Al Khaimah’s free zone without any guarantee of quality, accreditation or even provision of qualifications (Swan, 2017). However, since 2017, Ras al Khaimah has introduced new requirements, which are modelled on the system of quality assurance in the United Kingdom. All international branch campuses must now be fully accredited in their home country before they can be registered for operation in Ras al Khaimah.

As a department in the Ministry of Higher Education and Scientific Research (MOHESR), the Commission for Academic Accreditation (CAA) is responsible for the licencing of non-federal institutions and the accreditation of programmes. In Dubai and Ras al Khaimah, the institutions located in free zones are exempt from CAA licencing and accreditation. Over 90 per cent of UAE nationals are employed in the public sector (EIU, 2013), and in six of the UAE’s seven emirates, the public sector recognises only CAA accredited degrees for employment purposes. For this reason, the majority of UAE nationals want to obtain a CAA accredited qualification. In order to attract national students, some institutions located in free zones have voluntarily applied for a CAA audit, so that they can become CAA licenced and accredited.

The majority of institutions in free zones prefer to follow the regulations of the local emirate rather than the CAA, as the former are generally believed to be less onerous. International branch campuses award degrees that are accredited in the countries where they are based. Most expatriates are interested in acquiring a qualification that is accredited and recognised internationally. The campuses located in Dubai’s free zones also offer KHDA accreditation. Since 2017, Dubai’s government has recognised KHDA accredited degrees for employment purposes.

### **Market segmentation and competitor analysis**

To thrive in highly competitive markets, most higher education institutions engage in strategic planning that involves strategic marketing (Angulo, Pergelova, and Rialp, 2010). An institution’s marketing strategy may be most effective when the institution identifies and targets the market segments that are likely to be most receptive to its particular offerings, e.g. subject specialisms, accreditations and location (Szekeres, 2010). Students that have similar needs and wants, or that have similar characteristics and attitudes and which behave in similar ways, may be regarded as a market segment (Hemsley-Brown and Oplatka, 2015). Market segmentation analysis enables higher education institutions to better understand students’ criteria for choice of institution; identify market opportunities; allocate resources effectively; and achieve student satisfaction (Kotler and Keller, 2008). In this study, segmentation is analysed at the hub level, i.e. the UAE higher education market.

Much of the extant literature on student choice has considered things such as the perceived quality of education and teaching staff, or campus facilities (Angulo, Pergelova, and Rialp, 2010), but few studies have considered programme accreditation in relation to future employment prospects or preferences for attending a public or private institution, or one that adopts a national education system that is not American or British. In the new higher education hubs, these previously under-researched factors may be more important in determining student choices of where to study.

Strategic decision makers in businesses often use strategic group analysis to aid market and competitor analysis. A strategic group refers to a set of organisations that compete in the same industry. Strategic group analysis identifies the competitive dynamics of a market and the positioning strategies of competitors. Söllner and Rese (2001) argue that strategic group analysis provides a starting point for obtaining and interpreting information on customer segments and that this competitor analysis can help in target segment selection and in developing competitive strategies.

Classifying higher education institutions in a reduced number of groups may allow strategic decision makers to better understand the different strategies used by competitors. As well as enabling analysis of competitors’ strengths and weaknesses, strategic group analysis may also reveal opportunities and

threats in the market. Strategic group analysis has been effectively used by a number of higher education researchers, particularly in the analysis of business schools and MBA programmes (Thomas and Li, 2009), but the author is not aware of the technique having been applied to the analysis of an education hub. Thus, this study intends to demonstrate that strategic group analysis may be a useful technique to help strategic decision makers (1) identify attractive market segments; (2) effectively position their institution in the market; and (3) to develop suitable competitive strategies that satisfy students in the chosen market segment(s).

## **Method**

Seven experts that are knowledgeable about higher education in the UAE were consulted in person (in unstructured interviews lasting 30-50 minutes) and/or by email to suggest the names of the most important, well-known and distinctive higher education institutions that should be included in this research; advise on draft lists of institutions; and identify the main differences between institutions that may form the basis of competitor and market segmentation analysis. The experts had job titles such as Vice Chancellor, Dean, Registrar and Head of Programme. The final list consisted of 42 institutions, for which data was collected in order to run the cluster analysis.

The data used in this study were obtained from institution, the CAA and KHDA websites. The data for each institution were recorded as ordinary binary data, i.e. by answering 'yes' or 'no' for each variable. The seven variables used in the cluster analysis were public ownership; institution that is ranked in the top 1,000 universities globally (THES, 2018a); international branch campus (IBC); CAA accreditation; foreign and/or KHDA accreditation; targets expatriates of a particular nationality; and is specialist or discipline specific. In the data file, 'no' responses were recorded as '0' and 'yes' responses as '1'. For example, an international branch campus offering only foreign accredited degrees was coded '0' for public ownership (as it is privately owned); '1' for international branch campus; '0' for CAA accreditation; and '1' for foreign and/or KHDA accreditation. Separate variables were needed for CAA and foreign/KHDA accreditation as there are three institutions that offer both types of accreditation.

The data were subjected to hierarchical cluster analysis, using the SPSS Statistics software package, version 25. Hierarchical cluster analysis was selected as it can work well with binary data and smaller data sets; cluster cases or variables; compute a range of possible solutions and save cluster memberships for each of these solutions; and use various methods for cluster formation, variable transformation and measuring the dissimilarity between clusters. Following the advice of Janssens *et al.* (2008), the Ward method was chosen as the clustering method, using the Squared Euclidean distance measure. The final cluster solution was shared with the experts who had previously advised on the selection of institutions and possible cluster variables for the study. Again, in person (in interviews lasting 30-80 minutes) and/or by email, the experts helped to explain and analyse the results, and identify the main implications of the findings for institutions (and also for students, potential teaching staff etc.).

## **Results**

In a series of sequential steps, the hierarchical clustering process involved combining cases into homogenous clusters by merging them together one at a time. At each step, either a new cluster was formed or one case joined a previously formed cluster. Each step is irreversible meaning that once a case is assigned to a cluster it cannot be moved to a different cluster. Thus, the first clusters formed are highly influential, as the remaining cases are compared to these for possible inclusion or to create a new cluster. For example, once cluster 1, representing elite institutions was formed, each case was considered for inclusion or exclusion from this group. Those institutions that were excluded from this group were then considered for inclusion in cluster 2, which accepted non-elite public institutions, and so on.



The analysis generated solutions ranging from five to nine clusters. In deciding upon the optimal solution, the proximity matrix, agglomeration schedule and dendrogram were examined. In the proximity matrix, cases with the smallest squared Euclidean distance between them indicates that they were likely to be grouped in the same cluster, while large squared Euclidean distance indicates heterogeneity between the cases. The agglomeration schedule shows how the cases were progressively clustered. Large increases in coefficient values indicate points at which two clusters may be too different to form a homogenous group.

Finally, the dendrogram was used as a visual aid, to better understand the clustering process. As the clusters being merged become more heterogeneous, the vertical lines in the plot are located further to the right, as they represent larger distance values. While vertical lines indicate the distance between clusters, the differences of these distances are indicated by the horizontal lines. Considering the information in the agglomeration schedule and the dendrogram, the eight cluster solution appeared optimal. Upon closer examination of the data, it was confirmed that the eight cluster solution represented the smallest number of cluster groups for which it was possible to assign a specific and unambiguous meaning to each of the groups. For example, in the six cluster solution, the specialist institutions were grouped in Cluster 3 (private institutions with CAA accreditation) and Cluster 4 (international branch campuses with foreign and/or KHDA accreditation), but 'specialist institution' as a cluster variable was insignificant ( $p = .386$ ). Thus, the eight cluster solution was chosen, which is summarised in Table 1.

The variables in the eight cluster solution were analysed using crosstab analysis and the Chi-Square test. The results are presented in Table 2. All of the cluster variables were found to be significant ( $p < .001$ ). To help interpret and explain the results of the cluster analysis, the eight cluster solution was shown to the seven experts who had previously advised on the selection of institutions and possible cluster variables for the study. Using an unstructured interview approach, the experts were asked for their interpretation and explanation of the results and to identify the main implications of the findings for institutions. The key contributions of these experts are presented in the discussion and conclusion that follow. The discussion and conclusion also benefit from further desk research, which included examination of institution websites and data provided by government and regulatory bodies, as well as further review of relevant scholarly literature, and news/ practitioner sources.

## **Discussion**

The eight cluster solution identifies eight groups for which specific and unambiguous meaning can be found.

### *Degree recognition in the UAE*

The binary divide in UAE higher education appears to be those institutions that offer CAA accredited programmes and those that offer foreign or KHDA accreditation. Although there are exceptions, UAE nationals generally want CAA accredited degrees and expatriates want internationally accredited degrees. It should be remembered that expatriates account for approximately 88 per cent of the UAE's total population (Government.ae, 2018), and therefore expatriates represent a very large market for higher education in the UAE. Expatriates that were born in the UAE and who intend to remain in the UAE for employment may prefer CAA-accredited awards.

The degree of a foreign university is recognised in the UAE if it was gained in the country in which the university is based, but not if it was gained at the university's international branch campus in the UAE. As a marketing tactic, some branch campuses promote the fact that their degrees are awarded from the home campus and that certificates do not indicate that the programme was followed at an overseas campus. However, students may regard such tactics as unethical and may not be motivated to study at such institutions because of the wording on certificates.

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**Table 1.** Strategic groups in UAE higher education.

Group	Key features of group	Institutions <sup>a</sup>	Notes
1	Elite institutions	American University of Sharjah Khalifa University UAE University University of Sharjah	All institutions have CAA accreditation  UAE University is a public university; all of the others are private
2	Public institutions, non-elite	Higher Colleges of Technology Zayed University	Both institutions have CAA accreditation
3	Private institutions, CAA accreditation	Abu Dhabi School of Management Abu Dhabi University Ajman University Al Ain University of Science and Technology Al Ghurair University American University in Dubai American University in the Emirates American University of Ras Al Khaimah Canadian University Dubai Emirates Aviation University Emirates Institute for Banking and Financial Studies Hamdan Bin Mohammed Smart University Jumeira University Skyline University College The British University in Dubai <sup>b</sup> University of Dubai	Non-elite institutions
4	International branch campuses, foreign and/or KHDA accreditation	Curtin University Dubai ESMOD Dubai Heriot-Watt University, Dubai Campus Hult International Business School, Dubai INSEAD Middle East Campus in Abu Dhabi Modul University Dubai Murdoch University in Dubai Middlesex University Dubai New York University Abu Dhabi Paris Sorbonne University, Abu Dhabi S P Jain School of Global Management, Dubai Campus University of Birmingham Dubai	Non-elite private institutions
5	International branch campuses, dual accreditation	Institute of Management Technology, Dubai Rochester Institute of Technology Dubai University of Wollongong in Dubai	Non-elite private institutions  Have CAA and KHDA/foreign accreditation



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6	International branch campuses, target expatriates of a particular nationality	Amity University Dubai BITS Pilani, Dubai Campus Islamic Azad University, UAE Branch Manipal University, Dubai Campus Szabist Dubai	Non-elite private institutions These institutions target either Indian, Iranian or Pakistani students
7	Specialist, private institutions	Abu Dhabi School of Management Emirates Aviation University Emirates Institute for Banking and Financial Studies Hamdan Bin Mohammed Smart University	CAA accreditation
8	Specialist, international branch campuses	ESMOD Dubai Hult International Business School INSEAD Middle East Campus in Abu Dhabi S P Jain School of Global Management, Dubai Campus	Foreign and/or KHDA accreditation

<sup>a</sup>Institutions listed in alphabetical order within each strategic group.

<sup>b</sup>The British University in Dubai was a graduate school that until 2018 did not offer undergraduate programmes, and therefore it did not qualify to be included in the Times Higher Education World University Ranking 2018.

### *Tuition fees*

Apart from the benefits of CAA accreditation, a major advantage for UAE nationals of studying at one of the federal universities is that they do not have to pay tuition fees. Although some private institutions offer fee waivers to UAE nationals – mainly the institutions owned by individual emirates – tuition fees have to be paid by UAE nationals at the vast majority of private institutions. In general, tuition fees in the UAE are high, mainly due to the high costs incurred by institutions. Although, foreign institutions do not pay any taxes on profits/surpluses, rent for premises is high (even in the free zones) and due to the high cost of living in the UAE, staff expect high salaries and benefits packages, including free accommodation if they were recruited from outside the UAE.

### *Elite institutions*

The elite institutions attract the students with the highest academic attainment. These institutions charge the highest levels of tuition fees in the UAE. Thus, the elite institutions are only a viable option for high ability students who can afford the high tuition fees, or those who can secure a scholarship. UAE nationals may prefer UAE University, where they do not pay tuition fees, while expatriates may favour Khalifa University, the American University of Sharjah and the University of Sharjah. As paying high tuition fees is not a barrier for many UAE nationals, these individuals can be found in all of the elite institutions. As tuition fees at the elite institutions can be more than double that of other CAA accredited institutions (and international branch campuses), many students are forced to ignore the elite institutions on financial grounds, particularly as student loans are rare in the UAE.

**Table 2.** Overview of cluster variables and strategic group attributes.

Variable	Sig.	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8
		Elite	Public	Private	IBC	IBC	IBC	Specialist	Specialist

		(n = 4)	non-Elite (n = 2)	CAA accred. (n = 12)	Int./KHDA accred. (n = 8)	Dual accred. (n = 3)	Targeting Nationalities <sup>b</sup> (n = 5)	Private (n = 4)	IBC (n = 4)
Publicly owned	<.001	No (except UAE Univ.)	Yes	No	No	No	No	No	No
World ranking <sup>a</sup>	<.001	Yes	No	No	No	No	No	No	No
International branch campus	<.001	No	No	No	Yes	Yes	Yes	No	Yes
CAA accreditation	<.001	Yes	Yes	Yes	No	Yes	No	Yes	No
Foreign/KHDA accreditation	<.001	No	No	No	Yes	Yes	Yes	No	Yes
Targets specific nationality <sup>b</sup>	<.001	No	No	No	No	No	Yes	No	No
Specialist	<.001	No	No	No	No	No	No	Yes	Yes

IBC = international branch campus; CAA = Commission for Academic Accreditation; KHDA = Knowledge and Human Development Authority.

<sup>a</sup>Ranked in the top 1,000 universities globally in the Times Higher Education World University Ranking 2018. Refers only to the UAE campus.

<sup>b</sup>Students of a particular expatriate nationality account for over 50% of total student enrolments.

### *Private institutions*

Setting aside the elite institutions, the cluster analysis divided the private sector institutions into six further groups. The first group consists of locally owned institutions that have CAA accreditation. This group contains a number of large institutions that are popular and well-respected in the UAE. Examples of institutions in this group (Cluster 3) include Abu Dhabi University, the American University in Dubai, the British University in Dubai and the University of Dubai. According to the experts used in this study, some of these institutions will likely enter the Arab World higher education rankings within the next ten years, and some may even enter world higher education rankings. Abu Dhabi University and the University of Dubai stand out ahead of others in this strategic group because these universities are relatively large, offer doctoral level study and they hold additional international accreditations, such as AACSB (Association to Advance Collegiate Schools of Business). The British University in Dubai was ineligible for inclusion in the Times Higher Education World University Ranking 2018 because until 2018 it was a graduate institution that did not offer undergraduate programmes. However, the British University in Dubai is well-regarded in the UAE and, with over 300 doctoral students, it is by far the largest doctoral school in the UAE in its specialist areas of Architecture and Sustainable Built Environment; Business Management; Computer Science; Education; and Project Management. The privately owned specialist institutions (Cluster 7) – which are discussed later – represent another cluster among private institutions.

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The remaining four clusters consist of institutions owned by foreign institutions, i.e. they are international branch campuses (larger institutions that have a physical campus) or international study centres (operations of smaller scale that do not possess a physical campus). See Wilkins (2018) for more detailed definitions of the different types of transnational operator. The majority of foreign owned institutions in the UAE have foreign and/or KHDA accreditation. Only three institutions are known to have dual accreditation, i.e. CAA and foreign/KHDA accreditation (Cluster 5). The University of Wollongong has been relatively successful in attracting UAE students, but in order to achieve CAA accreditation, the institution had to redesign its three year degrees as four year programmes.

UAE nationals often enrol at international branch campuses because they want to study subjects that are not offered at the federal universities, or they want to study in a learning environment that has mixed gender classes (most of the federal institutions teach single sex classes), a mix of student and staff nationalities, and student centred learning that is relevant to future careers. However, obtaining CAA accreditation is not a guarantee that UAE nationals will apply, as has been found by Rochester Institute of Technology Dubai, which has relatively few UAE national students.

In 2016, international branch campuses accounted for approximately 11 per cent of the UAE's scholarly research output, whereas the comparable figures were 26 per cent in Qatar and 4 per cent in Malaysia (Pohl and Lane, 2018). These statistics reveal the contributions of foreign universities to national publication output in different host countries. Using metrics such as reputation, research output (see Pohl and Lane, 2018) and programme entry requirements, New York University Abu Dhabi may be regarded as one of the UAE's leading universities.

#### *Targeting a specific expatriate nationality*

Some institutions in the UAE target students of a specific expatriate nationality (Cluster 6). The UAE hosts five Indian international branch campuses (OBHE/C-BERT, 2017). There are also a number of other Indian institutions that offer higher education in the UAE. Facing a crowded home market, several Indian institutions have established campuses outside India. For example, in addition to its campus in Dubai, Amity University has a further seven international branches, in locations that include China, London and Singapore. The tuition fees at Indian international branch campuses in the UAE are often lower than the fees charged at the Indian campuses and also lower than other universities in the UAE. This enables the Indian branch campuses to compete on price, but also to admit students who do not gain entry at competitive Indian campuses (The Economist, 2015). Indian nationals living in the UAE may want an Indian accredited qualification that will be recognised when they return to India to seek employment. Similarly, Szabist is an institution from Pakistan and Islamic Azad University is from Iran, and although these institutions try to recruit students of all nationalities, both institutions appeal particularly to nationals of the countries in which these institutions are based.

#### *Specialist institutions*

Like most developed higher education markets, the UAE has a number of specialist institutions. In the eight cluster solution, 'specialist and discipline specific institutions' is a significant cluster variable. Cluster 7 consists of private institutions with CAA accreditation and Cluster 8 represents international branch campuses with foreign and/or KHDA accreditation. The specialist institutions that are locally owned and CAA accredited tend to focus on specific career fields, such as aviation and banking. Hamdan Bin Mohammed Smart University is the exception, because this is the only major e-learning institution in the UAE, and most of its programmes involve blended learning, i.e., a mix of class-based delivery (face-to-face and virtual) and independent online learning using a variety of digital media.

Among the foreign/KHDA accredited institutions, business is the most popular specialism. Two of the world's top 10 business schools (London Business School and INSEAD) have campuses in the UAE. Most of the other foreign business schools located in the UAE are also regarded as world-leading,

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e.g. Hult, Manchester, SP Jain School of Global Management and Strathclyde. These business schools hold AACSB, AMBA (The Association of MBAs) and/or EQUIS accreditations. ESMOD is a private school of fashion that is based in Paris. It is widely regarded as one of the best fashion schools globally. As well as its branch in Dubai, it has branches in several locations worldwide, which include Beijing, Berlin, Kuala Lumpur, Moscow, Oslo, Seoul and Tokyo.

The cluster analysis reveals that although the UAE has a complex higher education market, this market does contain a number of distinct groups, which may be recognised by the presence of sets of institutions with similar credentials that target similar groups of students, which have similar attributes, preferences and requirements.

#### *Strategic group analysis*

This study has demonstrated the possible usefulness of strategic group analysis for market and competitor analysis. Strategic group analysis may help strategic decision makers in a number of ways:

- Understanding the structure and dynamics of a market
- Recognising the positioning and differentiation strategies adopted by existing institutions
- Identifying market segments that are currently unsatisfied
- Selecting a target market segment
- Developing effective positioning and differentiation strategies that deliver competitive advantage

The results of the study indicate that private UAE-owned or UAE-based institutions would likely compete in Cluster 3, which involves acquiring CAA accreditation in order to recruit UAE nationals that do not gain a place at one of the federal institutions, or those that want to follow a foreign-style curriculum or study a subject that is not offered by the federal universities.

The results also indicate that leading global universities such as New York University and Paris Sorbonne University may not necessarily be classified as elite in a foreign market. International branch campuses are not included in global institution rankings and this hinders the development of institutional reputation. Furthermore, in the UAE, international branch campuses lack the scale that enables them to compete with the leading federal or emirate funded universities (Cluster 1) in terms of research output, innovation and patents (Pohl and Lane, 2018). However, the results indicate that operating in Cluster 4 is potentially sufficient for a well-regarded foreign university to achieve full-funding by an individual emirate, which is something that other leading institutions may aspire to achieve.

Assuming that a Western-based university is not prestigious enough to attract full-funding, the strategic group analysis suggests Cluster 4 as the most likely segment to target. Within this segment, the institution would appear to have one of two choices: build a large purpose built campus and operate as a multi-discipline university (like Heriot-Watt and Middlesex), or select a niche segment such as fashion or business and operate as a small-scale specialist institution (like ESMOD and INSEAD). In both options, the institution would target expatriate or non-UAE national students, as CAA accreditation is not achieved.

However, the existence of Cluster 5 reveals that it is possible for foreign universities to achieve CAA accreditation. Thus, the institution must decide whether or not it wants to target UAE nationals, who usually expect CAA accreditation, and if so, whether the UAE nationals would actually enrol at the institution. Examining the success of existing foreign universities in attracting UAE nationals may give some indication of the extent to which this strategy may be effective. Such investigation would likely indicate mixed results, as the University of Wollongong has attracted many UAE nationals to some programmes, whereas Rochester Institute of Technology has recruited only modest numbers of UAE nationals. Non-Western institutions, such as those originating in India, Pakistan or the Middle East, appear to achieve a competitive advantage in the UAE higher education market by targeting expatriate

students that originate from the same country as the institution. For example, Amity University has been very successful in recruiting Indian students, while Szabist has been successful in recruiting Pakistanis.

The results of this study suggest that strategic group analysis may be a useful technique to help strategic decision makers identify attractive market segments, effectively position their institution in the market, and to develop suitable competitive strategies that satisfy students in the chosen market segment(s). Despite the possible usefulness of strategic group analysis, several limitations or weaknesses should be recognised. Strategic group analysis relies on accurate information about competitors, and often this is not available in the public domain. For example, an institution's goals and strategies may be unclear to outsiders, which may lead to inaccurate guesses. It is also possible that the dimensions used to differentiate and analyse groups may not in reality be useful.

## **Conclusion**

To some extent, the higher education sector of every country has unique structures, processes and features. Government policies determine levels of funding for institutions and whether or not students pay tuition fees. The number of private and foreign institutions allowed to operate in a country is also determined by the country's government. Laws and regulations dictate the accreditations that are mandatory, desirable or appropriate for any particular institution. The general level of economic wealth in a country often influences institution wealth and resource levels, as well as affordability of tuition fees among the population. Individual student choice of institution may be influenced, among other things, by the subject the student wants to study, the student's academic ability and their ability to pay tuition fees.

Market segmentation enables institution managers to better understand the attitudes and needs of prospective students based on their demographic attributes, so that the most appropriate competitive strategies can be developed and implemented (Angulo, Pergelova, and Rialp, 2010). This suggests that institutions operating in the UAE should commit to competing in one of the eight identified segments. Institutions need to identify whether their target student is a UAE national or an expatriate living in the UAE (or international student); wants CAA or foreign/KHDA accreditation; has the academic ability to study at an elite institution; or wants to study at a specialised (e.g. e-learning) or discipline specific institution. Furthermore, by conducting strategic group analysis, the institution will gain a better understanding of its competitors, which will enable the institution to develop and deliver a unique and superior product proposition.

High ability students usually prefer to study at elite institutions, as this provides significant intrinsic satisfaction and usually delivers superior economic returns through higher lifetime earnings. In the higher education organisational field, it is generally expected that elite institutions employ the best professors, have the best resources, produce the highest numbers of publications and patents, and appear in global institution rankings. In the business school sector, accreditation is also widely regarded as a key determinant of membership of the global elite, with the most prestigious schools holding triple accreditation (i.e. AACSB, AMBA and EQUIS).

This study reveals two interesting facts: first, that a newly established university can become a world elite institution within twenty years (e.g. Khalifa University and the American University of Sharjah), and second, that to attain world elite status requires high levels of funding that can usually only be provided by governments. In the UAE, such funding has been provided by both federal and emirate governments. The world's top universities may seek funding from foreign governments for the establishment of overseas campuses. New York University Abu Dhabi and Paris Sorbonne University Abu Dhabi are both fully funded by the Abu Dhabi government, which covered each institution's initial construction costs and currently their on-going operational costs.

The definition of 'world elite' used in this study (i.e. inclusion in the Times Higher Education World University Ranking) was contested by some of the study's experts. Some of these experts suggested

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that institutions such as INSEAD Middle East Campus in Abu Dhabi; Hult International Business School, Dubai; New York University Abu Dhabi; Paris Sorbonne University Abu Dhabi; and the University of Birmingham Dubai should be regarded as elite institutions because the parent institutions are widely recognised and accepted to possess world elite status. In contrast, Altbach (2010) argues that the ‘product’ offerings at international branch campuses rarely comes close to the home campus, in terms of breadth of curriculum, quality of academic staff, physical environment, learning resources and social facilities. Altbach’s argument supports the decision to not award elite status to any international branch campus featured in this study.

UAE institutions that are widely accepted among stakeholders as not belonging to the elite category still argue that they are ‘world-class’. A study by Siltaoja *et al.* (2019) found that many institutions in the UAE (including institutions from several different clusters in this study) make claims in their marketing communications of being ‘world-class’. Furthermore, other research has suggested that institutions with higher positions in rankings and a superior reputation often have a lower stakeholder orientation, thus paying less attention to satisfying different societal stakeholders (Casablancas-Segura *et al.*, 2019).

It is often wrongly assumed that international branch campuses are teaching institutions in which academic staff are not research active. A study by Pohl and Lane (2018) reveals that the research output of some international branch campuses is comparable with both the leading domestic institutions in the host country and the institution’s home campus. At present, none of the popular global higher education rankings – e.g. Quacquarelli Symonds (QS), Shanghai Ranking Consultancy (ARWU) and Times Higher Education (THE) – include international branch campuses, but it is quite possible that they will be included in the future, which would further strengthen the status and reputation of branch campuses in their host countries.

Higher education is a fast-changing organisational field, which suggests that it may be appropriate for the aims, objectives and competitive strategies of individual institutions to regularly change too. Key to gaining competitive advantage is possessing high quality market intelligence that recognises changes in students’ attitudes, circumstances, needs and wants, and changes among competitors – identifying both new entrants into the market and new strategies adopted by existing competitors in the same market segment. These competitors are members of the same strategic group. It is important that students recognise and understand the implications of differences between institutions so that they choose to study at the most appropriate institution, which will satisfy their individual needs, wants, requirements and expectations. Similarly, employers and job-seeking academics should appreciate the nuances between different institutions and market segments.

This study is not without limitations. It was conducted in only one higher education hub, and further research is required to discover if the findings and conclusions hold in other hubs. Although the study included most of the largest, most distinctive and best-known higher education institutions in the UAE, it did not include every institution operating in the UAE, since there are many small operators for which the cluster variable data would be unclear or unavailable, or too difficult to obtain. Some of the cluster data was based on subjective criteria, e.g. the ranking used to determine elite status and whether or not an institution targets a specific expatriate nationality. It should be noted that the five institutions in this group (Cluster 6) refused to reveal the exact proportion of their students that share the same nationality as the institution or the extent to which the institution targets students that have this nationality. Rather, some of the institution websites emphasise that students of all nationalities are welcomed. Despite these limitations, the study provides an original and unique insight into the market structure of one complex and highly-competitive education hub.

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