

International Strategic Alliances

In recent years, a number of Australian universities have expanded into international markets (particularly in South-East Asia), usually utilizing a strategic alliance with an existing local college.

But strategic alliances are designed to provide mutual benefits, is this the case here?

Strategic Alliances Among Universities and Colleges

Australian universities are faced with a mature education market in Australia. While there are changes in preferences for the types of courses and their delivery, essentially the number of students undertaking tertiary studies is relatively stable.

As a result, the fast-growing economies in South-East Asia are very attractive to these established universities. As you may know, many international students come to Australia to study, but there are also substantial opportunities in directly offering the programs in these countries.

Strategic alliances have been a popular entry strategy for these expanding universities. Typically, they seek out an established tertiary college that is well located, has reasonably good facilities, and has an organized administration and management system, as well as access to suitable teaching staff. The Australian university will provide their course materials for the local instructors to deliver.

Occasionally the university will provide an Australian lecturer to conduct programs or to oversee teaching quality. At the end of the program, the students will receive a degree from a recognized Australian university, which is usually quite prestigious for the graduates. Fees are charged on a standard per subject basis and the Australian university and the local college split the income on a pre-determined basis.

Student Discussion Questions

1. Identify the benefits of these strategic alliances to both parties.
2. What are the major risks for both these parties?
3. What selection criteria should each party consider prior to entering into the alliance?
4. Why have these arrangements/alliances proved relatively popular with the target market?