

# Open University Malaysia's Market Driven Approach in Fulfilling Varying Needs of Adult Learners

by

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## ABSTRACT

Open University Malaysia (OUM) is only in her seventh year of operations, but she has carved a niche in an increasingly competitive market. With a mere enrolment of 721 when she first open her doors in August 2001, the corresponding figure stood at 65,384 students in September 2007, recording a compound growth rate of about 40 percent per annum. In terms of geographic concentration, apart from the capital city of Kuala Lumpur and its vicinity, other exceptionally high growth areas are the marginalised populace of the states of Kelantan, Sarawak and Sabah. She has also sailed beyond - to Bahrain, Yemen and islet of Indonesia. Negotiations are also underway for her programs to be offered in a couple of other countries which had learnt of OUM's mark in her expressed market.

The key to OUM's success had primarily been the application of market-driven strategies in each of the segments she operates. Though OUM is relatively new, distance education is not. OUM took a strategic approach to determine the existing misfits and formulated alternative ways of addressing them. In the process, OUM was able to serve the latent need of the market with offers that represents a blend of the wisdom of renowned providers adapted to the local legal and socio-cultural constraints imposed upon it.

Though resource-tight, OUM took a national roll-out plan which conventionally required formidable investment in facilities and manpower to create her felt-existence and ensure prompt service delivery. She side-stepped those requirements with a network of varying strategic alliances with customers and what would have been potential competitors.

At the micro level, access to tertiary education to students from the country's hinterland, with grossly inadequate transportation and telecommunication tools, would have been denied if OUM had not stretched the strategic approach beyond conventional imagination. She abandoned, to better serve this niche, the tested standard blended mode which incorporates complementary regular fortnightly face-to-face sessions. Instead, a modified blended mode of delivery, slanted more to group independent learning was formulated. This paper, in part, presents the profile of this unique micro-segment, describes the modus operandi of the customised delivery mode and discusses its effectiveness in OUM's endeavour to serve the marginalised group of students.

## INTRODUCTION

The aftermath of the Asian Financial Crisis in late 1980's marks the dawn of new era in open and distance education in Malaysia. The resulting clamour for placements in local institutions of higher learning among those who then found the costs of overseas education to be severely felt led to the decision by the Meeting of Vice-Chancellors of the Malaysian Public Universities to the establishment of METEOR, the parent company of OUM. The primary objective of the establishment of the institution is to optimise the utilisation of both the physical and the intellectual asset in the country, in enhancing the supply of trained and educated manpower in the country.

The year 2001 marked a significant milestone in OUM's history. It received its licence from the then Ministry of Education. Consistent with the enabling objective of its establishment a hybrid form of organisation was formed. While all Higher Educational Institutions (HEI) in the country are either Public or Private, OUM possess the characteristics of both. It is private by its charter of incorporation. However, indirectly it is public by virtue of the fact that its shareholders are the eleven (11) public universities that were in existence at the time of its incorporation.

The hybrid form of organisation offers her a distinctive competitive advantage. Being private, she avoided herself of the possibility of being entangled in the sluggishness of bureaucratic organisations. She was thus poised to readily respond to the varying and changing needs of diverse market segments. Being public, though indirectly, she is able to garner the support of the formidable force of the eleven public universities in the country, then.

## ILLUSTRATIVE STATISTICS

Table 1 provides selected statistics showing some dimensions of growth that have been recorded by OUM over the seven-year period since her establishment. As indicated earlier, OUM has experienced an average compound growth rate of about 40 percent per annum since her inception. The increase enrolment has been attained through a full array of growth strategies, namely, product expansion, market expansion, market penetration and conglomerate strategies.

With respect to product expansion, with a mere 4 programmes (2 diploma and 2 undergraduate programmes) that constitute her maiden offerings, OUM currently offers an array of 51 programmes at all levels, ranging from diploma to PhD programmes.

With respect to market expansion, OUM has expanded the geographical coverage of its offerings beyond the country's shores to countries like Bahrain, Yemen, islet of Indonesia, and Singapore. Negotiations are underway to offer her programmes in the Maldives, Vietnam and Iran.

At the home front, OUM is penetrating deeper into the market through both micro-segmentation strategy and strategic alliances with her indirect customers.

With these multi-prong strategies OUM has witnessed multidimensional expansions as illustrated in Table 1.

Table 1  
Illustrious Statistics

Item	2001	2008
Enrolment, number of students	753	67,728
Number of Programmes Offered	4	51
Learning Materials, Titles	29	510
Number of Learning Centres	12	31
Number of Tutors	100	7,459
Number of Students Graduated	-	8,217

Underlying the record-expansion attained by OUM is the strategic approach that she took in various facets of her activities.

## STRATEGIC APPROACH

The key to OUM's success had primarily been the application of market-driven strategies in each of the segments she operates. Though OUM is relatively new, distance education is not. OUM took a strategic approach – analysis of the relevant prospective market and service providers – to determine the existing misfits. She acknowledged that distance education is not one mass market but a compendium of heterogeneous submarkets, with varying needs. Thus to better serve each submarket separate marketing strategies has to be formulated for each.

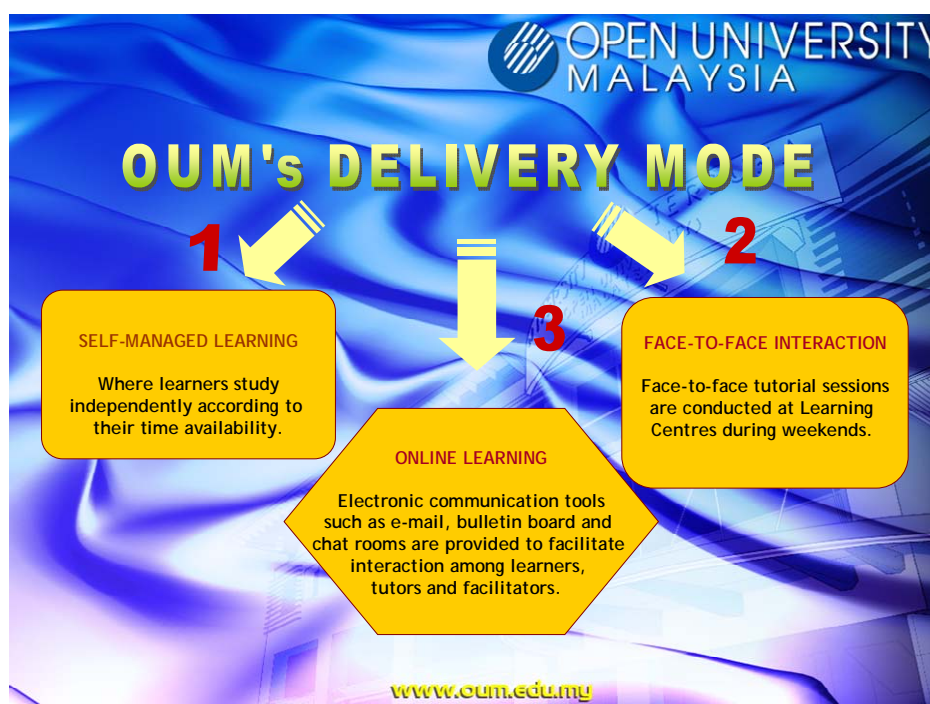
She also studied the practices of major open and distance education providers around the world to identify proven ways of addressing the misfits. Most of the eleven public universities then were also distance education providers. However, except for time, place and price adjustments, their offer basically does not make a distinction between in-campus and off-campus students. All were fixated with the conventional way of equating credit hours with lecture hours. Recognising the difficulty of working adults

of availing themselves for demanding lecture schedules, OUM chose to define credit hours in term of learning hours. The redefinition of credit hours in terms of learning hours paved the way for emphasis on guided independent learning rather than the traditional face-to-face (F2F) lectures.

However, realizing that the market, irrespective of denominations are culturally bound with the pivotal role of a student-teacher interface (*guru* in the Malay and Indian tradition and *sifu* in the Chinese tradition) OUM did not do away in total the need for class meetings. This led OUM to opt for a Blended Mode of delivery, as depicted in Figure 1, below.

Figure 1

OUM's Delivery Mode



Briefly, like many open universities around the world, self-managed learning constitutes the pillar of OUM's delivery mode. To facilitate learning, for each subject registered, OUM provides a specially constructed and interactive module to be studied independently according to learners' respective time availability. The F2F sessions, termed as tutorial sessions, act as complementary mode where difficult concepts are deliberated and/or higher levels of learning are dispensed. The on-line learning bridges the temporal gap of the F2F sessions, thus enabling a round-the-clock 'lifeline' for the independent learners.

The relatively less rigid delivery mode, vis-à-vis the conventional lecture-bound mode of the traditional providers is said to be the prime reason for the overwhelming response experienced by OUM.

### STRATEGIC ALLIANCES

Apart from the above-described strategic approach in designing her market-driven offer, another factor which led an overwhelming response to her market offer, is OUM's effective roll-out strategy. Though resource-tight, OUM took a national roll-out plan which conventionally required formidable investment in facilities and manpower, to create her felt-existence and ensure prompt service delivery. She side-stepped those requirements with a network of varying strategic alliances with customers and what would have been potential competitors.

Network organisation constitutes the backbone of OUM's delivery mechanism. Currently, with an enrolment of more than 65,000, OUM has only about 60 full time academicians on her payroll. Virtually all

of the about 7,500 tutors are part-timers that are engaged on piece-meal basis. Besides tutors, OUM also engaged subject-matter experts on similar basis to prepare the learning and assessment materials. Most of them are academicians from both the public and private universities and colleges around the country. Though they are part-timers, many have been with OUM since the inception of the university. OUM provides various incentives to keep them around.

Besides the academicians, most of OUM's learning centres are leased on similar use-basis. Such a lease is mutually beneficial to both OUM and the proprietor. OUM minimises investments in fixed assets that are only periodically used while the proprietors are assured of a steady flow of additional income on days when the assets are virtually idle.

## **DELIVERY MODES**

The blended mode as described above constitutes the central mode of delivery opted by vast majority of OUM's students. However, it is not the only mode. Two additional modes that have long been offered are the Modified Blended Mode (MBL) and the On-line Mode (OL). The former is offered when the class size is too small for OUM to offer the full dosage of the F2F sessions in an economical manner while the latter is offered to single student, both at home and abroad.

### **Reaching Out Marginalised Students**

Recently, OUM has identified and served another micro-segment, the marginalised populace who had made the isolated villages, which lined the rivers and rivulets as well as the islets around the country, as their abode. A large number of them are the non-degree students who have to teach in small primary school in remote areas.

Travels to and from these remote areas are difficult to enable them to subscribe to the Blended Mode of Delivery. On-line learning is not feasible to students in these areas due to the absence of almost all basic amenities, including electricity.

In order to have a feel of the difficulties of life experienced by these groups, the writer joined an expedition to visit a group of students in a number of villages along a river in Sabah. The expedition is described below and visuals are in the appendix.

Our three-day trip starts with a two and a half hours morning flight from Kuala Lumpur to Kinabalu, the capital city of the State of Sabah in a cosy Boeing 777. From thereon, it was a new experience. We chartered three taxis, one of which was loaded with boxes of little gifts of colour pencils for about 600 pupils of four schools we are scheduled to visit. Each of the schools has one or two teachers enrolled as OUM students. The first leg was a three-hour ride through beautiful mountain range of Sabah.

After an overnight stay at a three-star hotel we pushed off to the Keningau Teacher Training College which acts as OUM's Learning Centre. After short brief on dos and don'ts of such a trip we packed ourselves in three 4WD vehicles and off we were on a eighty kilometres of country roads through the hillocks and an additional thirty kilometres through muddy logging track, to a village Jetty of Salong. Our journey was delayed because one of the vehicles broke down. Thanks to the decision to hire the vehicles from the Association of 4WDs – the vehicle was self-repaired by the drivers.

Thanks to the good weather, the water level of the river was good enough for us to have smooth boat rides, three to a boat. We were told that if it rains heavily, the river would be swollen and if it dries we may, at points, have to lift the boats.

Our journey to the first destination took us about two hours. We were very well received by both teachers and pupils but deep inside us – 'these people have to be strong, physically and mentally to live in such villages'. (the visuals say it all). Lucky for us the school has a generator, but beyond 11pm its total darkness all around –'how do our students go about studying' the second major thoughts in our minds. We had, before that the opportunity to get feedbacks from the two we had there. The same kind of feelings went through us when we visited the other three destinations.

Generally the students were grateful to OUM. They identified themselves well with OUM and view her as the saviour of their future fortunes. They are self-reliant and had no misgivings about enrolling in OUM,

though virtually total independent learning without the complementary F2F and the on-line components. The atmosphere at the parting moments says it all. Their financiers, whose representatives accompanied us on the trip, were similarly impressed. They are to continue with their plans of financing about 200 per year similarly placed teachers for OUM's undergraduate programs.

## **SUMMARY AND CONCLUSION**

The paper had described the strategic approach undertaken by OUM. In pursuing her enabling objectives OUM has adopted a multi-prong growth strategies – product expansion, market expansion, market penetration and conglomerate strategies. She has also undertaken various strategic alliances with customers and would-be competitors in developing learning and assessment materials as well as getting intellectual and physical facilities to support her delivery mechanisms. Though she has chosen the Blended Mode as her Central Delivery Mode, she also made available the Modified Blended Mode and the total On-line Mode for those who are in need of them.

The special program that OUM has formulated for the marginalised students yet demonstrate the application of micro-segmentation concept in order to develop a perfect fit to best serve customers' need.