Drivers of Tuition Fee Setting Practices for Higher Education Institutions Involved in International Student Recruitment: An Exploratory Pooled Cross-Country Examination

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Abstract

From a higher education policy and institutional management perspective, the drivers of tuition-fee (or price) setting are still an under-researched area. Yet, tuition fee setting is an important strategic consideration for higher education administrators and practitioners, especially in the context of international student recruitment. We attempt to fill this gap using higher education institutions (HEIs; & universities specifically) as the basis of analysis. Grounded in pricing contingency theory, and specifically pricing capability literature, a conceptual model is developed using qualitative data derived across eight annual pricing cycles (2009-2017). We then test the model using quantitative data collected over 18 months between 2017-2019. These findings add to the broader body of research on marketing of higher education and our aim is that our findings will provide managerial insights to how tuition fee setting can serve as an international marketing tool.

Keywords: tuition-fee setting, pricing, export-pricing, international student recruitment, marketing mix, higher education

1. Introduction

Despite its public nature, higher education is becoming increasingly commercialised. Resulting from reduced governmental spending on public colleges and universities (Marcucci & Johnstone, 2007; Mitchell, Leachman and Masterson, 2017), higher education institutions (HEIs) have, in recent times, increasingly pivoted to revenue generating business models to supplement tighter operational budgets (Budyldina, 2018). The outcome has been a rapid increase in the commercial aspects of higher education over a relatively short period. As an example, the latest estimates by the World Trade Organisation (WTO), suggest that trade in higher education accounted for roughly 8% of global services exports in 2019 compared to 3% in 2005 (Vincent-Lancrin, 2005; WTO, 2019). Such rapid growth in this sector reflects an expansion of several educational services (e.g., e-learning, the publication business, international examinations such as GMAT, GRE, LSAT, TOEFL), although the cross-border migration of international students remains to date, the most visible aspect of this rapid increase in the commercial aspects of higher education (Chadee & Naidoo, 2009; Naidoo & Wu, 2011; 2016). Indeed, in countries such as Australia, New Zealand, Ireland, the U.K., U.S. and Canada, the recruitment of international students is now big business and accounts for significant earnings (OECD 2004; de Wit and Kemp, 2021).

In response to these commercial dynamics, a growing community of scholars have devoted increasing attention to the commercialisation – and in particular, the marketisation – of higher education (e.g., Hemsley-Brown & Goonawardana, 2007, Rauschnabel, Krey, Babin & Ivens, 2016; Naidoo & Hollebeek, 2016). In the marketing literature, scholars have addressed how HEIs can use the marketing mix as a set of strategic levers to influence demand of

prospective international students, thereby leading to improved market share in an increasingly competitive marketplace (Ivy, 2008; Naidoo & Wu, 2011).

In spite of this growing academic attention to the increasing commercialisation of the higher education sector (e.g., Wilmot, 2003; Bok, 2009; Robertson, 2014; Lennie, 2020), an aspect of the marketing mix that has received scant attention to date is pricing, or tuition fee setting as commonly referred to in higher education (Hemsley-Brown & Oplatka 2006; Ho & Law, 2020). A review of the recent literature on education marketing reveals that the bulk of extant research has largely focused on marketing communications (advertising and branding issues), more so than pricing management (Cheslock & Riggs, 2020; Ho & Law, 2020). This lack of research prevails despite previous studies calling for increased research in this area since tuition fee setting is an important strategic consideration for higher education administrators and practitioners (Binsardi & Ekwulugo, 2003; Naidoo, 2007, Chaney, 2013; Nedbalová, Greeacre, & Schulz, 2014). This dearth of research is particularly prominent in the context of international student recruitment (the existing literature focuses primarily on fee setting in domestic contexts) and few studies to date, have taken up the challenge of examining tuition fee setting strategies relating to international students (Hemsley-Brown & Oplatka, 2006; Zhang, Worthington, & Hu, 2017; Choudaha, 2020). Yet, mainstream marketing literature suggests that pricing is an important marketing tool (Rao, 1984; Snieskiene & Cibinskiene, 2015) and that accordingly, a better understanding of tuition fee practices can lead to better insights in the context of international student recruitment.

Building on this research gap, this study examines how international tuition fees are shaped in the higher education landscape. Specifically, using universities as the unit of analysis, we examine tuition fee setting practices amongst HEIs recruiting international students in the

context of student mobility. Our intended contributions are fourfold. First, we heed calls of previous scholars for further research in this area (Hemsley-Brown & Oplatka, 2006; Zhang *et al*., 2017; Cheslock & Riggs, 2020; Choudaha, 2020; Ho & Law, 2020). To the best of our knowledge, these calls remain unaddressed. Second, we contribute to the broader body of research on marketing of higher education, which remains thin in light of suspicion of the commercialisation of what is essentially a public good (Czinkota *et al*., 2009; Kezar & Bernstein-Sierra, 2015; Tamrat, 2020; del Cerro Santamaría, 2021). Third, with our focus on international tuition fee setting in an export context – the recruitment of international students is formally categorised as a form of services export (OECD, 2004) – we contribute to an area which has received little attention to date despite an overwhelming recognition of the importance of pricing as a critical determinant of export performance (Sousa & Bradley, 2007; Chen, Sousa, & He, 2019). Several reasons have been postulated for this lack of research on pricing in an export context: pricing data can be difficult to obtain due to its proprietary nature (Myers, 1997; Snieskiene & Cibinskiene, 2015), the reluctance of managers to discuss their pricing strategies to avoid potential consumer backlash (Myers & Cavusgil, 1996; Myers, Cavusgil, & Diamantopoulos, 2002), the lack of pricing sophistication with many managers relying on intuitive measures for price-setting (Cavusgil, 1996; Hofer, Niehoff-Hoeckner, & Totzek, 2019), among others. Further, review articles on export pricing highlight the pressing need for research on international pricing for services (Tan & Sousa, 2011; Kienzler & Kowalkowski, 2017). We take up this call for research on export pricing in services, by using the higher education service sector as the setting for this study. In addressing these gaps, we therefore contribute to both the theory of marketisation of higher education and export pricing by extending the current body of research from extant scholars (e.g., Rauschnabel, Krey, Babin & Ivens, 2016; Naidoo &

Hollebeek, 2016). Finally, we also add to the literature on pricing capability (Liozu, 2016); in particular, how HEIs can engage existing resources and capabilities to execute their pricing decisions. Our aim through these contributions is to develop managerial insights that will help HEIs gain a greater understanding of pricing and more specifically, export pricing practices, as an international marketing tool.

2. Literature review

Pricing is an important business decision that affects the profitability of an organisation (Roy, Rabbanee, & Sharma, 2016). As indicated by Pitt, Berthon and Morris (1997:345), it is "one of the most visible decision variables confronting an organisation's managers" and is the marketing mix variable with the most direct impact on revenue (Rao, 1984; Snieskiene & Cibinskiene, 2015). There has been a great deal of research on pricing during the last three decades. In the marketing literature, studies on pricing have focused on several themes: optimal pricing strategy (Mantrala *et al*., 2006), consumer and competitor's response (Ailawadi, Lehmann, & Neslin 2001), price elasticities (Hoch *et al*., 1995; Auer & Papies, 2020), the relationship between price and marketing mix (Shankar & Krishnamurthi, 1996; Blut, Teller & Floh, 2018), as well as the impact of pricing on revenues and profitability (Shipley & Jobber 2001; Kwok & Xie, 2019).

Concerning the higher education sector, early pricing studies have mostly focused on domestic pricing decisions (i.e., tuition fees applicable to domestic rather than international students; Elliott & Soo, 2013; Mitchell *et al.*, 2017). For example, several studies examine domestic university tuition fees through hedonic pricing models (Harford & Marcus, 1986; Schwartz & Scafidi, 2004). Another stream of research examines the impact of domestic tuition fees on the demand for university education (Dimkpah, Eseonu, & Akpom, 2004), including the

price sensitivity for colleges and universities (Leslie & Brinkman, 1987; Kane, 1995; Hemelt & Marcotte, 2011). Most of these studies consistently find that students are inelastic to tuition changes (Heller, 1999; Carter & Curry, 2011). One explanation is that most students tend to place high levels of importance on quality education. In essence, there is a perception that quality corresponds to high prices in higher education (Bryan & Whipple, 1995; Carter & Curry, 2011). However, Savoca (1990) argued that these studies may have underestimated the tuition sensitivity of university enrolment because they treat application decisions as exogenous. This argument is strengthened by several more recent studies indicating that tuition fees have an impact on the demand for education services (Ivy, 2008; Elliott & Soo, 2013). Likewise, Carter and Curry (2011) using individual student choice data instead of nationwide aggregate data, find that students exhibit much greater sensitivity to variations in tuition fees than previously reported.

Studies on international pricing within higher education are less extensive. In a study of student mobility to the U.K., Naidoo (2007) finds a significant inverse relationship between tuition fee levels and international student enrolments over the 1985-2003 period. Binsardi and Ekwulugo (2003), in a study of British universities, conclude that effective pricing management is critical for sustaining and growing international student market share. While useful in establishing the importance of international pricing in the context of higher education, these studies provide little insights into the approaches HEIs take to set prices. For example, none of these studies offer any advice on whether HEIs' international pricing decisions should be proactive or reactive (Monroe & Cox, 2001). Similarly, a void still exists on whether HEIs' international pricing orientations should be cost-based versus market-based (Ingenbleek *et al*., 2003). Equally limited insights from the more mainstream export pricing literature exists, where

theory development is still in its infancy (Clark, Kotabe, & Rajaratnam, 1999; Stöttinger, 2001), particularly in services contexts such as higher education (Avlonitis & Indounas, 2005; Tan & Sousa, 2011; Kienzler & Kowalkowski, 2017).

To address these research gaps, we delved into Pricing Contingency Theory (Ingenbleek et al., 2003; Kienzler & Kowalkowski, 2017) and more specifically, the pricing capability literature (e.g., Falahat *et al*. 2020; Raja *et al*. 2020; Pham *et al*, 2017; Dutta, Zbaracki & Bergen, 2003) which suggests that pricing decisions are made contingent on resources and capabilities. From its roots in the resourced based view (RBV) of the firm (Barney 1991; Wernerfelt 1984) to a more recent conceptualisation of capabilities – the so-called capability-based view (CBV) of the firm (Teece, 2019) – the pricing capability literature suggests that differential resource endowments and capabilities are the ultimate determinants of strategic choices and actions that organisations might make, including pricing decisions (Liozu, 2016). Capabilities in that context are defined as a resource "whose purpose is to improve the productivity of the other resources possessed by the firm" (Makadok, 2001, p. 389). Said differently, capabilities are what allow for resources to be leveraged into a source of competitive advantage through activities, actions and organisational processes (Day 1994). As a result, both the RBV and CBV frameworks are notionally complementary to each other and often used interchangeably (Liozu, 2016). The view of pricing as a capability stems from Dutta *et al.'s* (2003) seminal work where a set of complex complementary resources and coordination mechanisms that are difficult to imitate were identified to lead to superior pricing decisions. Since then, several other studies have extended the examination of pricing capability. For example, Hallberg (2017) uses a multiple case study design to examine pricing capability in the context of the European packaging industry. Similarly, Raja *et al.* (2020) use an exploratory case-based methodology to examine value-based

pricing capabilities of two large engineering companies. Johanson *et al.* (2015) conceptually argue that pricing capabilities provide the foundation for both value creation and value appropriation. Others adopt a more quantitative approach in reporting a positive relationship between pricing capability and performance (Liozu & Hinterhuber, 2013; Liozu et al, 2014). This rapid evolution of the pricing capability literature has led to some to even postulate a nascent pricing capability theory (Liozu, 2016), although there remains a need for further work to validate this view, especially in the context of services firms which have received little attention to date by the pricing capability literature. By focusing our analysis on universities as service organisations, we seek to add to this discourse. Anchored against the pricing capability literature, the conceptual model proposed for this study essentially argues that pricing decisions made by universities are contingent to capabilities and resources. We outline the proposed framework in the next section.

3. Methodology

To formulate and test our key hypotheses, we undertook two studies. In Study 1, we employed a constructivist approach using qualitative data analysis (QDA) (Glaser, 2006; 2009; Miles, Huberman & Saldana, 2018; Jackson & Bazeley 2019) to develop a conceptual model, which we submitted to empirical testing in Study 2. Our choice of methodology was influenced by the fact, as mentioned above, that research to date provide limited insights to inform theory development. This lack of relevant previous research suits QDA as a methodology as it allows for inductive model development (Patton, 2002). Accordingly, it is worth mentioning at the outset that contrary to articles grounded in deductive positivist methodologies (Pandey, 2019), we weave previous literature as part of the presentation of our qualitative findings from study 1 as opposed to the traditional positivist view that a literature review should lead to hypothesis development.

This approach follows the convention among qualitative researchers to avoid using preconceived categories in model development but rather to allow for an inductive model development that emerges from the data (Mayring, 2000; Patton, 2002; Naidoo and Wu, 2011; Goldkuhl, 2012; Irshaidat, 2019).

3.1 Study 1 – Fieldwork and Hypotheses Development

Throughout eight annual pricing cycles from 2009 to 2017, we conducted exploratory interviews, to broadly explore issues pertinent to pricing for universities and become familiar with their relevant perspectives. Using QDA methodology, data was iteratively collected and analysed. This process allowed for emerging concepts during the early stages of data collection to guide the later stages as the series of interview proceeded (Glaser, 2006).

Using the *International Handbook of Universities*, we identified an initial sampling frame of universities from six major education exporting countries (U.S., U.K., Canada, Ireland, Australia and New Zealand). We limited our analysis to those six countries to control for the impact of policy regulations on price setting (e.g., capped pricing policy). Research has shown that these six countries have liberal policies that encourage universities to recruit international students and that higher education institutions (HEIs) in these countries are largely unencumbered by policy controls on how they set prices for international students (Naidoo & Wu, 2011; 2016). Additionally, we carefully selected our sampling frame of 500 HEIs by identifying institutions which were purposefully recruiting international students based on a revenue-generating model, recognising that universities recruit international students for a variety of reasons beyond revenue generation (e.g., adding diversity to the classroom, religious considerations, etc.). This targeting process allowed situational variations to be minimised and

whether an institution fulfilled this criterion was established through institutional document analysis that allowed for a categorisation process (e.g., website review) as well as confirmed with the institutions themselves during the interviews.

From this initial sampling frame, fifty universities (10%) were randomly selected following qualitative research guidelines (Ritchie, Ellis, Ellam, 2003; Green & Thorogood, 2004; Vasileiou *et al.*, 2018), and their most knowledgeable senior managers responsible for defining international pricing strategies were approached with an interview request [i.e., Pro/Deputy Vice-Chancellor/Vice Provost/Director for International Affairs (or Global/ International Engagement) or some similar variation]. These university officials were asked to confirm our assessment of their institutions recruiting international students based on a revenue-generation model and if the case, for a detailed description of the price-setting processes/capabilities at their respective institutions, including the tasks involved, the resources available, the routines used, and the active participants of the process. To encourage candid discussion about pricing strategies, which is an area of commercial sensitivity, we emphasised the academic nature of this study. Twenty-four of the fifty universities randomly selected (see appendix A) responded positively to the interview request (a response rate of 48%), and on average, three to four rounds of interviews were conducted with each one of those institutions. The selection of these 24 universities represents a diversity of large and small institutions. Wherever possible, the interviews were also supplemented with non-participant observations of actual price setting meetings. The end of our fieldwork data collection came about at the point of theoretical saturation when we perceived further data gathering and analysis to cease producing new insights (Conlon *et al*. 2020).

Next, we subjected the collected data to thematic analysis using QSR*NUDIST (also known as NVivo 6). The data was coded into distinct categories, which was used to generate

theoretical constructs. The final stage of the analysis allowed the exploration and explanation of the inter-relationships between the theoretical constructs formulated. An iterative sorting process was adopted as part of the analysis to allow for the development of a robust pattern of relationships between the theoretical constructs. We inductively generated key themes from the raw data, and deductively from a literature review, while placing analytical emphasis on the data-based, inductively emergent findings. Using inter-judge testing, two independent researchers analysed and interpreted the data, thus permitting data triangulation (Wagner *et al*., 2010; McDonald, Schoenebeck & Forte, 2019).

3.1.1. Pricing Capability (PC)

Contrasting pricing perspectives were observed across the 24 universities interviewed. In some cases, we found Senior Management (i.e., at the Vice-Chancellor or President level) heavily involved with the price-setting process while in others, these decisions were delegated down to divisional levels (e.g., the Registrar's Office or Finance Department). Similarly, by virtue of different institutional cultures and organisational structures, the selected universities demonstrated different price-setting objectives, resourcing, routines, coordination mechanisms and skillsets. For example, the range of methodologies adopted in price-setting differed from simple historical heuristics such as an annual percentage increase from last year's base price to very analytical approaches including the calculation of price elasticities, prospective market demand and the benchmarking of competitive prices. Likewise, in some cases, input from the market-facing student recruitment team was a vital element of the price-setting process, while in others, pricing strategies were completely inward-facing. Others simply demonstrated what Pitt

et al. (1997) refer to as ‘price avoidance’, a terminology used to describe a degree of uncertainty around how to set price and insecurity about the adequacy of the pricing approach employed.

To establish some level of structure behind the contrasting range of observed pricing perspectives and present a conceptual model with useable insights, many taxonomies can be leveraged from the existing pricing literature. This includes the commonly adopted categorisation of pricing decisions in terms of cost-based versus market-based (Avlonitis & Indounas, 2005; Indounas, 2019). A second taxonomy categorises pricing as risk-averse relative to risk-assumptive (Pitt *et al*., 1997). A third pricing dimension relates to the reactive versus proactive establishment of prices (Monroe & Cox, 2001). Finally, another taxonomy commonly advocated in the pricing literature is standardisation versus flexibility in pricing (Theodosiou & Katsikeas, 2001).

The common element across these pricing taxonomies is that they can be thought of as at opposing ends of a pricing capability continuum (Hinterhuber & Liozu, 2012; Xu *et al*., 2019). For example, cost-based pricing is a less sophisticated pricing capability relative to market-based pricing. Similarly, standardisation pricing is less sophisticated relative to localised pricing that requires a more flexible, sophisticated pricing capability. Thus, based on the work of Hinterhuber and Liozu (2012), a useful classification of the observed qualitative findings, which we adopt in this study, is a dichotomous (high versus low) categorisation of pricing capabilities in terms of their level of sophistication.

Pricing capability as conceptualised in the current work effectively taps into organisational pricing capability (Dutta *et al.*, 2003; van der Rest, Roper, & Wang, 2018). Such pricing capabilities involve complex routines, skills, systems, know-how and empower an organisation to respond to a multitude of forces (competitor/market conditions) that shape

pricing decisions (Dutta *et al.*, 2003). For example, in everyday decision making, managers have the option of reverting to less sophisticated methods of pricing (e.g., cost-based) at the expense of more sophisticated pricing approaches (Liozu *et al.*, 2014).

Using pricing capability sophistication as a point of departure, we next sought to examine the factors that may influence different capability levels when establishing pricing strategies. Through our QDA methodology, we identified several factors that appeared to bear on pricing decisions. These are inclusive of both internal organisational factors (e.g., management characteristics) as well as external environmental ones (e.g., foreign currency movements, rate of inflation). We excluded external environmental factors in our analysis because, from a strategic perspective, they are outside the control of most HEIs. Next, we discuss those internal factors which we outline in our conceptual model (see Figure 1).

3.1.2. Export Orientation (EO)

A conceptual factor which emerged from the collected qualitative data is the relative levels of importance the selected institutions attributed to international student recruitment. For some, it was clear that the revenue generated from international students was a complete lifeline without which, they would struggle to operate. For others, international student revenue was nice to have, but not critical to their operations. Hence, differential reliance on international student revenue, in turn, seemed to dictate different levels of capabilities and motivations in price setting. With international student recruitment constituting a form of export of education services (OECD, 2004), we termed this variability in the data as the interviewed universities' export orientation. In other words, we deemed a university high on export orientation as one where the institution is highly reliant on international student recruitment revenue to meet budgetary

requirements and vice versa for a university low on export orientation. This categorisation of export orientation is supported by the current exporting literature, where researchers have identified that some organisations are more proactive in searching for export opportunities than others (Francis & Collins-Dodd, 2000).

Since high export-oriented universities have much more to lose if their export strategies do not work relative to low export-oriented institutions, a strong theme that emerged during the interviews with those institutions coded as high export-oriented, was the importance of "*getting our recruitment strategies right*" (Institution 19). This highlights the critical importance of international student recruitment to these high export-oriented institutions. With pricing widely accepted as a critical determinant of export performance (Zou & Stan, 1998; Sousa & Bradley, 2008; Hofer *et al*., 2019), these high export-oriented institutions were asked about their perspectives on using pricing as an international marketing tool to optimise revenue generation. The following excerpts are reflective of this discussion and show a contrasting perspective obtained from high and low export-oriented institutions.

> *Setting an appropriate level of fees that can be accommodated by the market is critical for us….we cannot afford to send the wrong pricing signals…. So, we spend a great deal of time investing into our pricing practices before finalising our fees.* – NZ Institution 1 (coded as high EO)

> *Pricing is not something we devote a lot of attention to for the international market. We've just been very successful at recruiting international students with very little strategic planning.* – US Institution 5 (coded as low EO)

Complementing the above commentaries, it is well established in the literature that highly export-oriented organisations tend to allocate a higher proportion of managerial resources and capabilities to exporting activities (which includes pricing), relative to their counterparts with low export orientation (Tzokas *et al.*, 2000). For example, it was observed in the collected qualitative data that low export-oriented universities primarily adopted

pricing strategies that did not require extensive managerial efforts (e.g., cost-based methods). High export-oriented universities, on the other hand, were observed to be more sophisticated with their pricing orientations, often making use of both competition-based (e.g., competitor price matching) and demand-based (e.g., perceived-value pricing) methodologies. Thus, based on the completed interviews and analysis of the captured qualitative data, we postulate that:

> *H1: The stronger the export orientation of a university in recruiting international students, the more sophisticated its pricing capability will be.*

3.1.3. Market Orientation (MO)

Market orientation is another theme derived from our qualitative data, which we coded, based on existing literature (e.g., Kohli, Jaworski, & Kumar, 1993). We broadly define market orientation as the ability of an organisation to generate, disseminate and respond to market intelligence about customers and other stakeholders (e.g., competitors) to be profitable. A positive and significant relationship between market orientation and performance is supported in the literature, including in international markets (Murray *et al*., 2007). In explaining this positive relationship with performance, Murray *et al.* (2011), highlight how market orientation enhances marketing capabilities, including pricing. They argue that market orientation as a resource only has potential value. It is the organisation's ability to capitalise on this value, which contributes to actual performance.

Two major strands of the literature explain the process of how market orientation influences marketing capabilities: a behavioural and a cultural perspective. The former examines market orientation in terms of the actual behaviours that lead an organisation to generate, disseminate and respond to market intelligence, while the latter is concerned with the creation of

an "organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value" (Narver & Slater, 1990: 21).

Based on our captured qualitative data, we posit in this study that a HEI high in market orientation will demonstrate more developed pricing capabilities. This proposition stems from the observation that some HEIs were not only more adept at collecting relevant pricing intelligence, disseminating these to the relevant decision-makers and responding accordingly to this intelligence in the formulation of a pricing strategy. Rather, they were also more effective at coordinating pricing intelligence across cross-functional teams involved in the price-setting process. This is reflected in the commentary below.

> *We are externally focused when it comes to identifying competitive intelligence. Our International Office does an excellent job of that. They then feed that info to our Strategy and Planning Office, who is then tasked with developing briefing documents, which serve as input material for the committees tasked with price setting.* – IR institution 2 (coded as high MO)

Coordination mechanisms can take the form of cooperation, teamwork, common work-oriented goals and communication (Narver & Slater, 1990; Salas *et al*., 2009). As highlighted by Grant (1996), it is these coordination mechanisms that transforms knowledge into value-creating resources. By extension, Murray *et al*. (2011) suggest that the existence of coordination mechanisms will strengthen the effect of market orientation on marketing capabilities such as pricing. Additionally, several universities appeared to be more innovative with their pricing strategies. One of the key variables that seemed to distinguish them from their less innovative counterparts was their level of pro-activeness in generating and disseminating market intelligence about both consumer and competitor activities.

Since several studies have highlighted that market orientation leads to innovation (Naidoo, 2010) and since innovation broadly extends beyond product innovations to also include

innovations in pricing structures (Jaworski & Kohli, 1996), it can be logically argued that the observed pricing innovations in our captured qualitative data were an outcome of a university's market orientation. For example, universities we coded as being high in market orientation seemed more willing to innovate in terms of adopting more sophisticated pricing methodologies. Thus, based on the qualitative data from Study 1, we postulate the following proposition:

> *H2: The stronger the market orientation of a university, the more sophisticated its pricing capability will be.*

3.1.4. Academic Reputation (AR)

A third dimension identified from our qualitative data is how the pricing process is influenced by perceived institutional reputation. Reputation is a resource that drives competitive advantage in that it acts as a sustainable basis for differentiation. In education, prospective consumers often rely on reputation as an indicator of quality. This argument is reinforced by Weigelt and Camerer (1988) who suggest that reputation is especially crucial in a situation of information asymmetry, where all players are not equally informed of the parameters involved.

Consequently, through such signalling effects (Kirmani & Rao, 2000), a positive reputation can allow a university to charge a premium for its services, and prospective students are less likely to question this price escalation effect (Johansson & Erickson, 1985) based on extrinsic reputational attributes (Zeithaml, 1988) such as academic rankings. As indicated by Beine *et al.* (2014), there is a perception in higher education that better quality corresponds to higher prices. This means that from a pricing perspective, reputable universities do not have to invest strategic resources, in terms of both costs and time, to develop sophisticated pricing methodologies since the market seems willing to keep accommodating their higher prices in return for their perceived quality. This view is substantiated in our collected qualitative data.

> *We don't have a strong ranking and cannot afford to charge premium prices. We must keep innovating in developing pricing that the market will react positively to...* – CA institution 1 (coded as low AR)

> *We are consistently ranked in the top 50 academic rankings. So, we don't worry about pricing…we don't need to be very innovative with our pricing.* – US institution 6 (coded as high AR)

Thus, based on the above commentaries and similar data captured from the other interviewed universities, we propose that:

> *H3: The stronger the academic reputation of a university, the less sophisticated its pricing capability will be.*

3.1.5. International Experience (IE)

Knowledge developed from previous international experiences can be an invaluable resource/capability when operating in international markets since the administrative and coordination costs associated with internationalisation can be high for the inexperienced organisation with limited resources and capability (Agarwal & Ramaswami, 1992; Mohr and Batsakis, 2014). On the other hand, organisations with more significant international experience have been suggested to demonstrate greater confidence and competence in managing the costs and risks of operating offshore (Davidson, 1982). Extending this reasoning to the context of pricing, it can be argued that organisations with more considerable international experience are likely to be better placed to make informed pricing decisions that will be effective in offshore markets (Katsikeas & Morgan, 1994; Fang *et al.*, 2007). Our reported findings from the captured qualitative data demonstrate this.

> *International recruitment is new to us. We are not too sure on how to price.* – US institution 4 (coded as low IE)

> *We've been in this business for 20+ years now. So, our pricing has evolved over time. We now take several factors into account when establishing tuition fees.* – UK institution 1 (coded as high IE)

Based on the above excerpts and others alike captured in our qualitative data, we propose:

> *H4: The stronger the international experience of a university, the more sophisticated its pricing capability will be.*

3.1.6. Moderation Hypotheses

While analysing the qualitative data, we also observed some interesting interactive dynamics. Specifically, H2 appeared to be moderated by academic reputation. Institutions which were deemed high in market orientation were also exemplifying signs of having a negative association with their respective pricing capabilities once their reputation was accounted for. For example,

> *We do collect a great deal of market intelligence to inform our prices and feel it is crucial to respond to this intel. But, because of our reputation, we can somewhat be less flexible with our pricing strategies relative to our competitors.* – UK institution 5

As indicated previously, Beine *et al.* (2014) suggested that the reported quality of universities play a significant role in attracting international students. With academic reputation serving as a proxy for quality, a university with a premium ranking, therefore, signals high quality and is likely to attract more students because of its reputation. Such universities are also likely to charge a premium price due to reputation. Based on our qualitative data, we posit that a highly ranked, prestigious university has less a need to respond to market-based strategies (i.e., high in market orientation) as the rent generating nature of their assets (e.g., branding) safeguards them from having to devote strategic resources (time, cost and effort) that underlie a sophisticated pricing strategy. In other words, we propose:

> *H5: The effects of market orientation on pricing capability would be negatively moderated by academic reputation.*

Additionally, our qualitative data indicated a similar moderating influence of international experience on H2. Specifically, we found that market-oriented institutions are more likely to exhibit more sophisticated pricing capabilities if they have more international experience. For example,

> *We do recognise the need to gather information from the market as we are very reliant on international students. So, it's important that we set the price right. Time and experience have led us to how we set tuition fees today. It's been a journey of trial and error. But having been in this game for more than ten years, we now have a very sophisticated approach to our tuition fee setting.* – AU institution 1

Such findings mirror the existing literature. For instance, it has been suggested that organisations with a significant amount of international experience are better placed to make informed decisions, which involves active monitoring and implementation of strategies (including pricing) that would be effective for different offshore markets (Katsikeas & Morgan, 1994; Mohr & Batsakis, 2014). Managers also tend to rely more on past successful experiences (including international pricing), as these become more accessible and guide implementation of future pricing decisions (Forman & Hunt, 2005). Based on our findings, we thus propose that international experience will reinforce the attitude towards pricing sophistication, already supported by market orientation. Hence, we put forward our final hypothesis:

> *H6: The effects of market orientation on pricing capability would be positively moderated by international experience.*

In summary, the conceptual model incorporating the six hypotheses proposed in this study is shown in Figure 1.

----- Insert Figure 1 about here -----

3.2. Study 2 – Empirical Testing

Next, we tested the conceptual model developed from our qualitative findings by administering a structured questionnaire between 2017-2019. A series of 7-point Likert Scale measures were developed, grounded in existing literature with due contextualisation (see Table 1). To ensure face validity, the measures were pre-tested with 30 higher education administrators. Based on their feedback, any ambiguities and unclear questions were modified or eliminated. The finalised survey was randomly distributed to universities picked from the previously identified sampling frame. The universities who contributed to Study 1 were not re-approached to participate in Study 2 to avoid confirmation bias. The data were collected over 18 months through a confidential questionnaire distributed to senior managers who are responsible for defining international student recruitment pricing strategies. More than one respondent was surveyed at each sampled institution. A total of 517 responses were collected (response rate of 23%; see Table 2 for descriptive statistics). All the respondents had at least three years of experience in international student recruitment, thus demonstrating experience not only with the pricing process but also with their university mission and strategies. We tested for non-response bias using Mentzer *et al.*'s (2001) recommendations. The t-tests of group means revealed no difference between a random sample of non-respondents and the collected sample. To address common method biases with the use of self-reported measures, we adopted various procedural and statistical remedies guided by Podsakoff *et al*. (2003). We ran exploratory factor analysis to confirm that the items loaded on the original constructs as well as conducted Harman's one-factor test (see Table 3). We also assessed the reliability and validity of the model and found the results acceptable with both the composite reliability (CR) and average variance extracted (AVE) scores respectively exceeding the minimum levels of 0.7 and 0.5 (see Table 4)

----- Insert Tables 1, 2, 3 & 4 about here -----

3.3. Data Analysis and Results

We used hierarchical multiple regression analysis with mean-centered values of all the variables to avoid multicollinearity. In order to explain the variance in pricing capability, we estimated three models to demonstrate the explanatory power of our proposed framework. Table 5 presents the empirical results of our estimated models. In the first model, control variables (i.e., age of the institution, the number of students, and financial endowment) are regressed on pricing capability. In the second model, we tested our main hypotheses (H1-H4) where export orientation, market orientation, academic reputation and international experience were regressed on pricing capability.

Model 1 shows a poor fit *(F* (3, 513) = 0.49, $p > 0.05$)), indicating that the age of the institution, the number of students, and financial endowment do not seem to affect pricing capability. In contrast, the second model shows a very good fit (R^2 = .64, adjusted R^2 = .63, *F* (7, 509) = 127.34, $p < .001$), indicating that the direct effects of export orientation, market orientation, academic reputation and international experience significantly improve the prediction (R^2 change = .63, *F* change = 221.85, $p < 0.001$) of pricing capability. All the direct effects of export orientation ($\beta = -0.20$, $p < 0.001$), market orientation ($\beta = 0.34$, $p < 0.001$), academic reputation ($\beta = -0.18$, $p < 0.001$) and international experience ($\beta = 0.17$, $p < 0.001$) are found to significantly influence pricing capability, except that the directionality of export orientation is contrary to our hypothesized relationship. We explain this contradictory finding in the next section.

----- Insert Table 5 about here -----

Finally, we tested the moderation hypotheses (H5 and H6) using PROCESS Model 1 with Johnson-Neyman significance region for floodlight analysis (Hayes, 2013). Table 6 summarizes the results of the moderating effects. In each of the model examined for H5 and H6, market orientation and pricing capability were the independent and dependent variable respectively; whereas academic reputation and international experience were, respectively, the moderating variables. For H5, the interaction effect of market orientation and academic reputation on pricing capability was found to be negatively significant ($\beta = -0.25$, $t = -10.87$, $p < 0.001$). Similarly, for H6, the interaction effect of market orientation and international experience on pricing capability was also significant ($\beta=0.13$, $t=10.12$, $p < 0.001$).

----- Insert Table 6 about here -----

Regarding the moderating effects, Table 7A shows the conditional effect of market orientation at focal values of the moderator, academic reputation. A closer look at Table 7A reveals that the Johnson-Neyman point for the moderator variable is a mean-centered value of -0.25. This means that with an average score of 5.36 for academic reputation, at a lower value 5.11 (-0.25+5.36), the relationship between market orientation and pricing capability becomes significant (i.e., the effect size is negatively significant and higher). Therefore, H5 is supported. This zone of significance is shaded in Table 7A.

Table 7B reveals that the Johnson-Neyman point for the moderator variable is a mean-centered value of -1.06. This means that with an average score 3.27 for international experience, at a higher value of 2.21 (–1.06+3.27), the relationship between market orientation and pricing capability becomes significant (i.e., the effect size is positively significant and higher).

Therefore, H6 is supported. This zone of significance is shaded in Table 6B. We discuss these results next.

----- Insert Table 7A and Table 7B about here -----

4. Discussion

As hypothesised, we observe that market orientation (H2), academic reputation (H3) and international experience (H4) impact on tuition fee setting practices. Specifically, we note that HEIs which are market-oriented are more likely to adopt sophisticated pricing capabilities. In contrast to international experience, academic reputation decreases pricing capabilities.

Furthermore, our observed results show that while our qualitative findings indicate that HEIs with greater export orientation (H1) ought to have more sophisticated pricing capabilities, the findings from our broader quantitative analysis indicate that in practice, greater export orientation could have a significant, but opposite effect on pricing capabilities. We suspect that this contradictory finding may be explained by the complexity of dealing with offshore markets, leading HEIs to price standardisation strategies. The literature has demonstrated that under complex environments – such as dealing with overseas markets, – bounded rationality may lead to decision-making heuristics, rather than the consideration of all aspects relevant to strategic decision making. This includes the use of less sophisticated pricing capabilities (Codita, 2011), especially if past organisational success leads to strategic persistence; the inclination to retain strategies that have worked in the past (Audia *et al.*, 2000). As indicated by Marais *et al.* (2006:574), “it is not difficult to become complacent when success follows upon success”. Consequently, while in theory, our qualitative findings demonstrate that higher education administrators understand the need for adopting sophisticated pricing strategies to remain

competitive in recruiting international students, this knowledge is not translating to practice. It is, therefore, potentially leaving the institutions exposed to less optimum pricing outcomes.

Additionally, while our results for H3 (academic reputation) demonstrate that less reputable HEIs are more likely to adjust price (e.g., tuition discounts), we would caution practising higher education administrators, especially those in prestigious institutions, against overestimating our results. What our results reflect is an actual practice rather than best practice. Many commentators in higher education are increasingly raising concerns around student debt and its impact on student choice (e.g., Callender & Jackson, 2008).

This influence of academic reputation on pricing capability is also observed in our results for H5, where we see that market oriented HEIs are less motivated to adopt sophisticated pricing capabilities when they have a better reputation. In higher education, the current trajectory for HEIs is what Clayton and Eyring (2011) term the Harvard-emulation phenomenon – the constant need to unsustainably stretch and overcommit institutional resources to climb the academic rankings ladder. We encourage higher education administrators to consider whether the current pricing system is sustainable.

4.1 Implications

Considering the above findings, this study makes several contributions to the literature. First, by implementing a mixed-method design, we provide a systematic effort to extend the pricing capability literature as applied to the export-pricing domain. As indicated above, theory development in this area has received little attention (Sousa & Bradley, 2007). The challenge as indicated by previous scholars is that export pricing research is compounded by factors like lack of data, the reluctance of managers to discuss pricing strategy, and the intuitive nature of pricing decisions (Myers & Cavusgil, 1996: Myers, Cavusgil, & Diamantopoulos, 2002). Our

qualitative interviews with managers, followed by our empirical data set, provide new insights to export pricing research. Second, previous findings show that pricing capability has a positive influence on firm performance, especially in the context of export performance (Zou *et al.*, 2003). We extend this line of work by showing that market-oriented organisations are more likely to adopt a sophisticated pricing capability, and how this is further moderated by reputation and international experience. We, thus, build on calls from recent scholars such as Liozu (2016), who recommend more research on pricing capability. Third, it has formerly been advocated in the literature around the marketing mix standardisation/adaptation debate that organisations with more international experience ought to follow more of a pricing standardisation approach since it simplifies planning and provides a consistent brand image (Sousa & Bradley, 2008). Both our qualitative and quantitative findings with respect to H4 (international experience) offer a contradictory perspective in suggesting that organisations with more international experience may be better placed to implement more flexible and adaptable pricing strategies (i.e., high in pricing capability). Additionally, in contrast to previous findings that export-oriented companies engage proactively with the market (Francis & Collins-Dodd, 2000), the empirical results show that export-oriented HEIs are less likely to demonstrate sophisticated pricing capabilities. On the other hand, market-oriented companies' adoption of sophisticated pricing strategies confirms earlier work (Murray *et al.*, 2011) about how market orientation enhances marketing capabilities.

The empirical findings also contribute to the literature on international pricing within higher education. For example, Naidoo (2007) reports an inverse relationship between tuition fee levels and international student enrolment. Based on the relationship between export orientation and pricing capability in the current study, the inverse relationship could be driven by the fact that managers of high export-oriented HEIs are ignoring price adjustments based on local market

conditions. The present study specifically addresses pricing as an aspect of the marketing mix for export of education, which has previously been identified as an area worthy of further research with respect to how HEIs undertake effective pricing management (Hemsley-Brown & Oplatka, 2006). Additionally, our work contributes to enhance the understanding of marketisation of higher education (Rauschnabel, Krey, Babin & Ivens, 2016; Naidoo & Hollebeek, 2016), and in particular, how organisational resources can underpin pricing capability for HEIs (Tan & Sousa, 2011; Kienzler & Kowalkowski, 2017).

From a managerial perspective, the above insights suggest that managers of relatively less reputed HEI should be more sensitive to market conditions and engage prices that are competitive. Further, reputed universities seem to have a competitive advantage in terms of their superior branding leading to higher prestige. This prestige perception can be driven by a plethora of actions taken by these institutions which may include improving academic ranking, launching innovative programs, being selective in making student offers amongst others. Based on our findings, it seems that when universities have such rent seeking resources (like a superior brand) they are better off leveraging on the "reputation" angle. For example, prestigious universities can actually create marketing communications about their ranking and exclusive offers made to selected students. This sends a signal to the target market and influence quality perceptions. It is possible that the target audience (e.g., prospective students) are more likely to consider these elements (e.g., ranking, programs, selected offers) as a part of their decision making. Similarly, international experience for a HEI matters. The more experience (in number of years) a HEI has in the international market, the more knowledgeable the organisation is about market conditions that may include prospective students, competitors and their pricing strategies. International experience can, therefore, enhance organisational processes and capabilities based on this

heightened understanding of the international student market. In particular, our findings show that an international experience of more than two years is the least needed to help HEIs develop a market orientation. This orientation should further help HEIs make more informed pricing decisions suited to attract prospective international students.

Limitations and Future Research

It is hoped that our multi-method project will spark further interest among scholars to further examine the pricing capability in an international context. While we have aimed to lay a foundation, as with any research, there are several limitations. For instance, the caveats concerning self-reported data collection apply to Study 2. Second, given the constructivist research design adopted in this study, we have been limited to empirically investigate only variables that were derived from Study 1. Consequently, we have not considered other potential variables which have been documented in the existing literature as particularly relevant to export pricing. Future research adopting a deductive positivist methodology could, therefore, consider these other relevant variables to enhance our understanding. In addition, our focus on internal factors influencing pricing allows future research to consider how external factors such as exchange rate fluctuations have an influence on price setting amongst HEIs. Furthermore, our focus on English-speaking countries with fairly similar policies with respect to international student recruitment means that our model is not generalisable to countries where policy controls differ. Similarly, with the data collected from Study 1 derived from 22 public universities and only 2 private ones (see Appendix A), the exploratory nature of this study needs to be reinforced with respect to the findings not being generalisable, although it is worth noting that we have attempted to minimise this limitation through a more even distribution between public and

private institutions in the larger sampling frame of Study 2 (see Table 2). As such, future research could extend this paper by examining HEIs in countries where international student recruitment policies do differ as well as specifically testing the postulated framework in Study 1 with private universities

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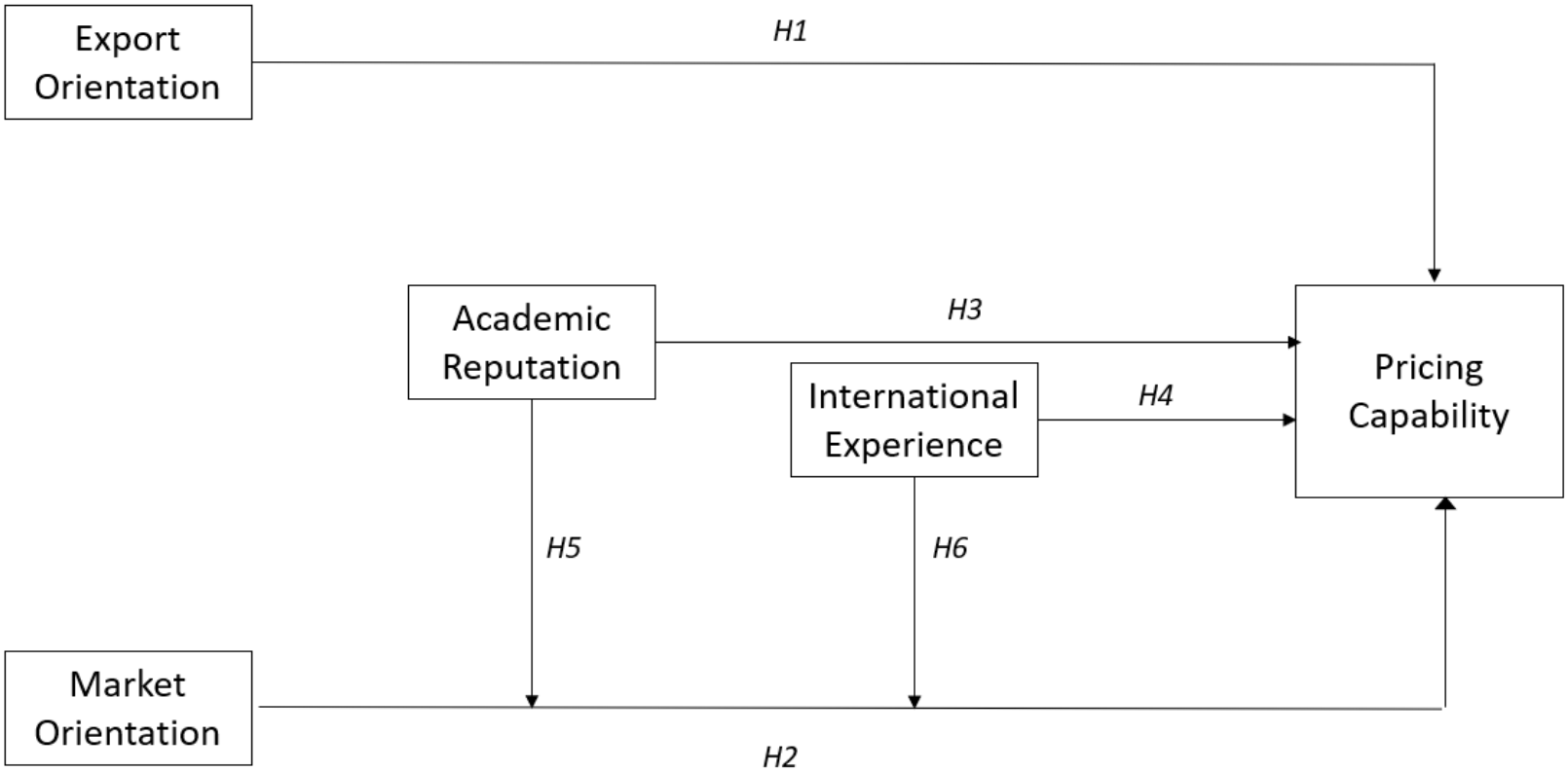
Figure 1: Conceptual Model



Appendix A: Selected Demographic Characteristics of Universities Interviewed in Study 1

	Domestic enrolment	International enrolment	Research or applied university*	Public/private university	Academic ranking**	Endowment
CA Institution 1	40,000-45,000	5,000-10,000	Research	Public	Top 50	US$1-1.5 billion
CA Institution 2	10,000-15,000	< 5,000	Research	Public	Not ranked	US$75-80 million
US institution 1	25,000-30,000	< 5,000	Research	Public	50-100	US$ 500-600 million
US institution 2	25,000-30,000	< 5,000	Research	Public	50-100	US$500-600 million
US institution 3	35,000-40,000	< 5,000	Research	Public	150-200	US$1.5-2.0 billion
US institution 4	5,000-10,000	< 5,000	Applied	Public	Not ranked	US$10-15 million
US institution 5	25,000-30,000	5,000-10,000	Research	Private	100-150	US$3.5-4.0 billion
US institution 6	10,000-15,000	< 5,000	Research	Private	Top 50	US$1-1.5 billion
UK institution 1	< 5,000	< 5,000	Research	Public	Not ranked	US$45-50 million
UK institution 2	10,000-15,000	< 5,000	Research	Public	200-250	US$5-10 million
UK institution 3	20,000-25,000	< 5,000	Research	Public	Not ranked	US$0-5 million
UK institution 4	20,000-25,000	< 5,000	Research	Public	Top 50	US$100-200 million
UK institution 5	10,000-15,000	< 5,000	Research	Public	50-100	US$15-20 million
IR institution 1	20,000-25,000	< 5,000	Research	Public	200-250	US$500-600 million
IR institution 2	15,000-20,000	< 5,000	Research	Public	250-300	US$300-400 million

AU institution 1	35,000-40,000	5,000-10,000	Applied	Public	Not ranked	US$500-600 million
AU institution 2	35,000-40,000	< 5,000	Applied	Public	150-200	US$600-700 million
AU institution 3	35,000-40,000	15,000-20,000	Research	Public	Top 50	US$1-1.5 billion
AU institution 4	20,000-25,000	< 5,000	Applied	Public	Not ranked	US$100-500 million
AU institution 5	20,000-25,000	< 5,000	Research	Public	50-100	US$1-1.5 billion
AU institution 6	30,000-35,000	< 5,000	Research	Public	150-200	US$1-1.5 billion
AU institution 7	35,000-40,000	< 5,000	Applied	Public	150-200	US$500-600 million
NZ institution 1	20,000-25,000	< 5,000	Research	Public	250-300	US$800-900 million
NZ institution 2	15,000-20,000	< 5,000	Research	Public	Not ranked	US$400-500 million
	Domestic enrolment*	**International enrolment***	**Research or applied university****	**Public/private university**	**Academic ranking*****	**Endowment***

*Note: The categorisation of universities was derived from how the institutions described themselves through their institutional websites or strategic documents (e.g., annual reports).
**Note: The 2019 Times Higher Education ranking is used in this table.

Table 1: Adopted Measures in Survey Methodology

Scale	Representative Source	Scale Type	Item
Pricing Capability (PC)	Hinterhuber & Liozu (2012); Pham et al (2017); Falahat et al (2020)	7-point Likert Scale (1= low sophistication, 7= high sophistication)	When setting prices, my institution allows pricing adjustments due to competitor's prices
			When setting prices, my institution allows pricing adjustments due to market conditions
			When setting prices, my institution allows pricing adjustments due to customer demand considerations
			When setting prices, my institution allows flexible pricing rules and guidelines
Export Orientation (XO)	Francis & Collins-Dodd (2000); Filatotchev, Liu, Buck & Wright (2009); Ipek & Bıçakcıoğlu-Peynirci (2020)	7-point Likert Scale (1= strongly disagree, 7= strongly agree)	In general, senior management is enthusiastic about recruiting international students
			In general, senior management attribute international student recruitment to higher revenue potential
			My institution actively participates in trade missions such as international student recruitment roadshows.
			My institution has actively established a network of distributors offshore such as in-country international student recruitment representatives
			My institution has actively established a network of distributors offshore such as in-country agents.
			In general, international student recruitment is a primary focus of my institution
Market Orientation (MO)	Narver and Slater (1990); Kohli, Jaworksi & Kumar (1993); Naidoo (2010); Iyer *et al* (2019)	7-point Likert Scale (1= strongly disagree, 7= strongly agree)	My institutions' international tuition fee setting strategies are based on understanding customer needs
			My institutions' international tuition fee setting strategies are driven by its beliefs about how it can create greater value for its customers
			My institution is quick to respond to significant changes in its competitors' international tuition strategies

			My institution rapidly responds to competitive actions that threaten it in its industry
			My institution is more customer focused than its competitors
Academic Reputation (AR)	Fombrun, (1996); Fombrun, Gardberg & Sever (2013); Shamsudin *et al* (2018)	7-point Likert Scale (1= strongly disagree, 7= strongly agree)	My institution is known for its superior academic ranking
			My institution is known for its superior programme innovativeness
			My institution is known for its student selectivity
			My institution is known for its academic quality
International Experience (IE)	Sambharya (1996); Ekeledo & Sivakumar (2004); Forman & Hunt (2005); Hollander *et al* (2017)	Categorical objective measure	For approximately how many years has your institution been actively recruiting international students
Size (Control variable)	n/a	Categorical objective measure	n/a
Endowment (Control variable)	n/a	Categorical objective measure	n/a
Academic ranking (control variable)	n/a	Categorical objective measure	n/a

Table 2: Descriptive statistics of Survey Data

Total surveys distributed	N= 2248
Response rate	N= 517 (23%)
Age distribution (Mean):	48.7 yrs
Gender distribution: • Male • Female	 54 % 46 %
Geographical distribution • U.S. • U.K. • Canada • Ireland • Australia • New Zealand	 18 % 18 % 17 % 14 % 19 % 14 %
Type of Institution • Public • Private	 58 % 42 %
Tenure at international recruitment (in years) • 0-3 years • 3-5 years • 5-10 years • Greater than 10 years	 0 % 53 % 36 % 11 %

Table 3: Factor Loadings for Scale Items

Constructs and Items	Mean (SD)	Loading
Price Capability (PC): [Reliability, α = .73]		
PC1: When setting international student tuition fees, my institution allows for adjustments due to competitor's tuition fees.	2.42 (1.18)	.71
PC2: When setting international student tuition fees, my institution allows for adjustments due to market conditions.	2.30 (1.24)	.80
PC3: When setting international student tuition fees, my institution allows for adjustments due to customer demand considerations.	2.47 (1.32)	.75
PC4: When setting international student tuition fees, my institution allows flexible pricing rules and guidelines.	2.63 (1.29)	.62
Export Orientation (EO) [Reliability, α = .70]		
EO1: In general, Senior Management is enthusiastic about recruiting international students.	5.56 (1.14)	.63
EO2: In general, Senior Management attributes international student recruitment to higher revenue potential.	5.68 (1.22)	.67
EO3: My institution actively participates in trade missions such as international student recruitment roadshows.	5.66 (1.22)	.61
EO4: My institution has actively established a network of distributors offshore such as in-country international student recruitment representatives.	5.76 (1.17)	.61
EO5: My institution has actively established a network of distributors offshore such as in-country agents.	5.66 (1.22)	.65
EO6: In general, international student recruitment is a primary focus of my institution.	5.76 (1.17)	.60
Market Orientation (MO) [Reliability, α = .77]		
MO1: My institution's international tuition fee setting strategies are based on understanding customer needs.	2.71 (1.19)	.69
MO2: My institution's international tuition fee setting strategies are driven by its beliefs about how it can create greater value for its customers.	2.69 (1.21)	.73

MO3: My institution is quick to respond to significant changes in its competitors' international tuition fees.	2.70 (1.22)	.73
MO4: My institution rapidly responds to competitive actions that threaten it in its industry.	2.68 (1.23)	.73
MO5: My institution is more customer focused than its competitors.	2.61 (1.22)	.71
Academic Reputation (AR) [Reliability, α = .73]		
AR1: My institution is known for its superior academic ranking.	5.34 (1.29)	.72
AR2: My institution is known for its superior program innovativeness.	5.39 (1.26)	.77
AR3: My institution is known for its student selectivity.	5.34 (1.26)	.78
AR4: My institution is known for its academic quality.	5.39 (1.18)	.67
International Experience (IE) Approximately how many years has your institution been actively recruiting international students?	3.27 (1.63)	--

Note : Alpha = Cronbach alpha

Table 4: Psychometric properties of the constructs

Constructs	CR	AVE	PSS	EO	MO	AR	IE
Price Capability (PC)	.88	.65	1				
Export Orientation (EO)	.86	.52	-.68**	1			
Market Orientation (MO)	.90	.64	.75	-.71**	1		
Academic Reputation (AR)	.89	.67	-.70**	.70**	-.78**	1	
International Experience (IE)	--	--	.65**	-.59**	.71**	-.64**	1

Note: CR = Composite reliability; AVE = Average variance extracted
(** $p < .01$)

Table 5 – Hierarchical Multiple Regression Analysis

Predictors	**Model 1 (DV = PC) r^2 = -.003**		**Model 2 (DV = PC) r^2 = .64**		**Hypothesis outcome**
	B	T	B	t	--
C1: Age of Institution	-.007	-.17	.03	1.19	--
C2: No of students	.05	1.10	.04	1.38	--
C3: Financial endowment	.02	.47	-.01	-.19	--
Export Orientation			-.20***	-4.98	H1 not supported
Market Orientation			.34***	6.79	H2 supported
Academic Reputation			-.18***	- 4.05	H3 supported
International Experience			.17***	4.47	H4 supported

* *p < .05,* ** *p < .01,* *** *p < .001*

Table 6: Results of moderation analysis

	Study variables	**Coefficient**	**SE**	**t**	**p**	**LLCI**	**ULCI**
H5	*Dependent variable: Pricing Capability*						
	Constant	-0.15	0.03	-5.40	0.00	-0.21	-0.09
	Market Orientation	0.06	0.06	0.90	0.36	-0.07	0.19
	Academic Reputation	-0.05	0.05	-0.94	0.34	-0.14	0.05
	Market Orientation x Academic Reputation	-0.25	0.02	-10.8	0.00	-0.29	-0.20
	F value	354.91					
	R^2	0.67					
H6	*Dependent variable: Pricing Capability*						
	Constant	-0.11	0.02	-4.00	0.00	-0.16	-0.05
	Market Orientation	0.28	0.06	4.67	0.00	0.16	0.39
	International Experience	0.03	0.02	1.94	0.05	-0.00	0.07
	Market Orientation x International Experience	0.13	0.01	10.12	0.00	0.10	0.15
	F value	317.55					
	R^2	0.65					

Table 7A: Conditional effect of market orientation at values of academic reputation

Acad Reput	Effect	se	t	p	LLCI	ULCI
-4.3665	1.1667	.0698	16.7104	.0000	1.0295	1.3039
-4.0790	1.0939	.0649	16.8446	.0000	.9663	1.2215
-3.7915	1.0211	.0604	16.9024	.0000	.9024	1.1398
-3.5040	.9483	.0563	16.8391	.0000	.8376	1.0589
-3.2165	.8754	.0527	16.5960	.0000	.7718	.9791
-2.9290	.8026	.0498	16.1053	.0000	.7047	.9005
-2.6415	.7298	.0477	15.3031	.0000	.6361	.8235
-2.3540	.6570	.0464	14.1535	.0000	.5658	.7482
-2.0665	.5842	.0461	12.6732	.0000	.4936	.6747
-1.7790	.5113	.0467	10.9409	.0000	.4195	.6032
-1.4915	.4385	.0483	9.0778	.0000	.3436	.5334
-1.2040	.3657	.0507	7.2102	.0000	.2661	.4653
-.9165	.2929	.0539	5.4377	.0000	.1871	.3987
-.6290	.2201	.0576	3.8197	.0001	.1069	.3333
-.3415	.1472	.0619	2.3802	.0177	.0257	.2688
-.2510	.1243	.0633	1.9646	.0500	.0000	.2487
-.0540	.0744	.0665	1.1189	.2637	-.0563	.2051
.2335	.0016	.0715	.0226	.9820	-.1389	.1421
.5210	-.0712	.0767	-.9279	.3539	-.2220	.0796
.8085	-.1440	.0822	-1.7523	.0803	-.3055	.0174
.8896	-.1646	.0838	-1.9646	.0500	-.3291	.0000
1.0960	-.2168	.0878	-2.4693	.0139	-.3894	-.0443
1.3835	-.2897	.0936	-3.0954	.0021	-.4735	-.1058

Table 7B: Conditional effect of market orientation at values of international experience

IntExp	Effect	se	t	p	LLCI	ULCI
-2.2700	-.0207	.0854	-.2423	.8087	-.1884	.1470
-1.7700	.0458	.0795	.5762	.5648	-.1104	.2021
-1.2700	.1123	.0738	1.5216	.1287	-.0327	.2574
-1.0591	.1404	.0715	1.9646	.0500	.0000	.2808
-.7700	.1789	.0683	2.6196	.0091	.0447	.3130
-.2700	.2454	.0629	3.8999	.0001	.1218	.3690
.2300	.3119	.0578	5.3952	.0000	.1983	.4254
.7300	.3784	.0530	7.1370	.0000	.2742	.4825
1.2300	.4449	.0486	9.1456	.0000	.3493	.5405
1.7300	.5114	.0448	11.4120	.0000	.4234	.5994
2.2300	.5779	.0417	13.8694	.0000	.4961	.6598
2.7300	.6444	.0394	16.3658	.0000	.5671	.7218
3.2300	.7109	.0381	18.6638	.0000	.6361	.7858
3.7300	.7775	.0379	20.5040	.0000	.7030	.8519
4.2300	.8440	.0389	21.7142	.0000	.7676	.9203
4.7300	.9105	.0409	22.2811	.0000	.8302	.9908
5.2300	.9770	.0438	22.3247	.0000	.8910	1.0630
5.7300	1.0435	.0474	22.0147	.0000	.9504	1.1366
6.2300	1.1100	.0516	21.5036	.0000	1.0086	1.2114
6.7300	1.1765	.0563	20.9008	.0000	1.0659	1.2871
7.2300	1.2430	.0613	20.2745	.0000	1.1226	1.3635
7.7300	1.3095	.0666	19.6631	.0000	1.1787	1.4404