

Universities of the Future: Universities in Transition Under the Influence of Stakeholders' Changing Requirements

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Abstract. Along with the changing expectations of the environment, higher education institutions are subject to modifications of management strategies. They have shifted from simply satisfying customers to a much higher goal – to creating value for stakeholders. Constant analysis of the changing needs of stakeholders can provide knowledge on how to modify the offer of the university as well as its pro-social activities. But in order to fully analyse the environment, institutions of this kind should also examine the changing group of their stakeholders. With the prevalence of social media and the increasing geographical range of prospective students, the groups of stakeholders who come from completely new environments are expanding. The degree of reaction of universities to these demands seems worth examining. The article is about how universities were being forced to reconsider their role in society and redefine their relations with stakeholders. The article was based on an analysis of the literature.

Keywords: Stakeholders · Strategy of a university · Management · Social responsibility

1 Introduction

Universities, for many decades, were in fact, isolated from their socio-economic and political environments. With vast changes in societal needs and globalization, nowadays, institutions of higher education have to demonstrate their relevance to society. This action may be seen in the attempts to integrate universities with stakeholders through involving them in participation in the life and development of the institution [1].

As the groups of university stakeholders differ from each other, the institution itself should not only identify their stakeholders, but also recognize their respective different needs and demands. It should be mentioned that universities, traditionally, have focused their attention on some specific stakeholders like academic teachers, donors, university managers, accreditation institutions, and, last but not least, students. But the thing is that this list of stakeholders, long as it is, is not exhaustive [2, 3].

Along with the changing expectations of their environments, higher education institutions are subject to modifications of management strategies. Limited budgetary resources in the vast majority of countries do not allow the current model of the

institution to last. Constant contact with the market, listening to the needs of the environment are the basic models of market economy. The complexity of funding sources of the university require that ongoing research and teaching activities are in demand on the open market. At the same time growing awareness of the power of social expectations and the universality of social media result in greatly increased and rapid exchange of information with the public. Constant and thorough analysis of the needs of stakeholders' concerns should also take into account whether and to what extent this group is homogeneous, and how much the 'new' stakeholders declare other new needs. The degree of reaction of universities to these demands seems worth examining.

2 Monitoring of Changes in the University Under the Influence of the Environment

The stakeholder theory, after its appearance in the 1980s and its further development during the next two decades led it to be spread among academics as well as business practitioners. The new model of treating shareholders, employees and clients as crucial parties for the company core activities let them become one of the most valuable company assets [4].

This theory became highly useful for organizations with dispersed power, where universities fit perfectly. The management of stakeholders is crucial in the educational industry for the empowerment and influence of the leading stakeholders – students. It may also be helpful to understand the needs of varying communities in the university's surroundings and the complexity of relations between organizations and communities [5, 6].

It is a widely known truth that institutions of higher education have to focus their efforts on integrating the emerging trends and attempt to adapt their educational offer to support new generations of students by persistent updating of goals and resources to meet the changing challenges [7].

In order to make a step forward and improve their activities, universities are prone to use the stakeholders' analysis tool. An example from Croatia showed that this kind of analysis allows for significant improvement in the education system. Following the changing environment, universities should also recognize the need for improvement of their entrepreneurial style of leadership. The presence of professional management as well as social responsibility would be a good reaction to changes [8].

Organizations in different parts of the globe are being exposed to the notion of social responsibility and are under pressure to adopt 'society friendly' practices. These practices differ depending on national cultures and/or institutional and market realities. Managers, as the research shows, clearly observe changes in social needs. Social contracts are being changed due to globalization and stronger orientation on the role of business in a society with increasing expectations [9].

The inflow of changes in the higher education industry is driven by new technologies, a complete shift in the labor market, rising costs of education and a narrowing range of specialization of universities. With the globalization of the education market, new players have entered the business, which shifted the competition level in this industry from low to high [10].

The way the deans' leadership has had to change due to market requirements could be presented as an example of globalization. Some of the activities had to be decreased, mostly those less effective ones, followed by a complete modernization of the educational offer with focus on creativity and entrepreneurship [11].

A 2010 research conducted in one of the public universities from Portugal, listed in the middle of the ranking-list of universities from this country, showed that, among many other interesting findings, there was a spread of the stakeholder concept to areas other than management. Another finding stated that the students were the most valuable university stakeholders. The latter finding was already widely known by the university managers, but not shared by surveyed staff representatives [12].

Another research done on students from eleven (out of fifteen) Portuguese state universities showed that universities are often at fault in the level of attention paid to students as traditional stakeholders. The results showed that for students it is fundamental to establish a strong relationship with the university. The university's connections with the job market are of equal importance for them [13].

Generally speaking, students should have the feeling of belonging to the university community. The opportunities for students to engage in different activities, ranging from work commitments, through placements, to the planning of courses, might increase that feeling. It is important to successfully balance students' expectations and curriculum planning, taking into account the students' understanding of what is good for them [14].

In his paper K. Leja proposes strong binding to organizational culture and values as well as to social responsibility. Those two actions will mean that the university is becoming a flexible organization [15].

CSR reporting is useful in providing a set of information. Compared to other forms of reporting, like financial reports, CSR is in its infancy. The existence of different standards also limits its comparability [16]. There is a huge potential for growth and development in the way organizations express their actions to stakeholders. It only lets us underline the meaning of information and reporting itself for society and stakeholders.

As Piotr Wachowiak writes, 'identification and selection of issues which are most significant from the stakeholders' point of view is one of the most important tasks to be carried out by the team preparing the report' [17]. The report itself presents the relation between the results of an organization in the area of social responsibility and its strategy.

One of the main reasons why reports are prepared is to provide a wide and complete set of information for stakeholders presenting the wide range of actions predicted by an organization. It makes it possible to evaluate the current situation of an organization or even a whole sector of economy [18].

To fulfil the needs of stakeholders of a particular organization is one of the most important goals of an institution. The main problem is how to manage the stakeholders as a whole group in a way which reconciles their divergent interests [19].

Society pays attention to organizational behaviour not only through observation or media releases. The most useful form is reporting. From the point of view of the organization, it is also known that social reporting is used as a corporate communication instrument [20]. Using this source for building people's perception is a reaction

to the flood from the electronic media and its role in communication between people and organizations.

The results of research made by Rojek-Nowosielska have shown that organizations usually declare a wide array of socially responsible actions in comparison to their actual actions. What is also interesting is the discrepancy in positive answers when asked about socially responsible actions. Entities with mixed or public only ownership were more likely to declare higher level of realisation of CSR ideas in everyday business practice [21].

The management strategy of all organizations has shifted from satisfying customers, as it was in recent years, to a much higher goal – to creating value for stakeholders. What is more, educational institutions have the deep conviction that they cannot act and fulfil their strategies alone [22]. The strong and active support of the community and parents is highly required and the final results are positively affecting students of a particular institution.

According to the results of an Australian research on persons responsible for liaising with external stakeholders to their schools, universities need to operate in a ‘corporate-like manner and are interesting sites in which to consider issues of communication and organisational studies’ [23].

Universities have been forced to reconsider their role in society. Building new relations with various constitutions, stakeholders and communities was a result of this pressure. The stakeholder perspective requires an organization to find the best way to achieve goals and manage opportunities with full recognition of all participants included in the process of organizational activities. That is why recognition of stakeholder groups of a university is required. The first step would be to recognize their expectations and then, the next one, to fulfil their goals in line with the university’s mission [8].

The current situation in Poland seems to force the universities not only to re-orient their strategies of development, but also to base their decision-making process on proper relations with stakeholders. This may be helpful in more efficient use of university resources, as every change is usually associated with additional expenses. On the other hand, it might be possible to expect some kind of financial contribution from one of the commercial stakeholders of the university [24].

3 Stakeholders - Primary or Secondary? New or Old?

In an ‘information age’ it is known that information is the most valuable asset. Some studies perversely prove that standardized and commodified information cannot be an instrument for empowering social actions due to its lack of visionary power to mobilize social actions [25].

In a wider perspective, it means that organizations that may ignore their communities or social interests are exposed to a higher risk of losing customer support, which may, under some circumstances, affect the organization’s reputation and performance [26]. It is not only an obligation but also an opportunity and responsibility to work with stakeholders to achieve goals important for a community [27].

The estimate value of factors contributing towards the choice of one particular institution over others is the reflection of a university's image from student's point of view. According to studies by Terkla and Pagano [28], over 25 indicators are responsible for the creation of a university's image.

A survey among 4300 students enrolled in Australian undergraduate programs, both domestic and international ones, showed that nowadays students are expecting educational institutions to be more flexible and to adapt faster to their lives, rather than students adjusting their lives for tertiary education. The failure in fulfilling students' needs and expectations may result in dissatisfaction leading to the risk of students' drop-out [29].

The results of a research project from Turkey showed that university programs are overloaded with the theoretical knowledge, which occupies approximately 70% of the curriculum space. Academics consider that proportion of practice courses, now at the level of 30% is sufficient. This stays in clear opposition to stakeholders' needs. Students commonly opt for the revision of curricula in the direction of professional life [30].

The expectations of the society would lead to the change from theory-focused programs to placing a higher responsibility on the practical use of students' skills. The programs should also be regularly revised due to their commitment to fulfil the needs and expectations of the society and business. The responsiveness to the stakeholders' voice might play a crucial role in this matter [31].

Another research was conducted among employers, students and academic mentors to explore and help them to articulate their expectations and perceptions of other stakeholders' expectations. They were chosen as a representative stakeholder group of Industry Based Learning Program at Swinburne University of Technology [32].

One of those expectations is readiness to generate work-ready graduates and meet the professionalized workforce requirements, where work integrated learning (WIL) might be a good example [33]. Going even further, they formulate their need for partnership between the university and employers with a view of the student as a customer and the dynamic nature of relationship between all the partners of the process. It only means that the stakeholder theory needs to be enriched with partnership that takes into account three positions - university, students and employer [34].

It is not easy to discuss whether stakeholders are old or new. Definitely, the relation has changed within the years of cooperation. For example, both, the University of Oslo and Telemark University College have, for many years, cooperated with external stakeholders, ranging from local and regional governments to private businesses and industries. What is important, that not the cooperation itself is new, but the strong and increasing emphasis on the revenue which might be gained from such activity is a new one [35].

In one of the recommendation by Ernst & Young, for Australian universities, it is advised to build significantly deeper relations with industry in the coming decade, as a condition of survival and thriving. The scale of this cooperation will become critical as the industry plays multiple roles: as customer and partner of higher education institutions, and, in some cases, as competitor [36].

Traditionally recognised groups of stakeholders are divided into primary and secondary stakeholders. The first group is typically comprised of shareholders, investors, employees, suppliers, governments, and communities. The second group, called 'not

essential for (...) survival' [37], are the media and special interest groups, can, under some circumstances, cause damage to an organization. The organization and the primary stakeholders are highly dependent on one another [38]. The meaning of that group was underlined by Webster, who expressed that customer relationships are one of the most valuable organization's assets [39].

The secondary stakeholders play a greater role in the development of CSR policies [40]. Opinions formulated by representatives of that group are very influential and have to be treated by organizations with respect. As those groups have no authority with the organization, they can cause significant disruption to the organization [37]. To make the situation even more blurred, secondary stakeholders have varying interests and support multiple roles [41]. It means that they can behave differently, mostly depending on the particular situation or certain conditions.

Interesting results were presented after research on an executive management team from South Africa. The results showed that the most important attribute to be granted through a stakeholder status is legitimacy. You do not have to possess power, but as long as you possess legitimacy, you will still be considered as stakeholders. On the other hand, when someone possesses legitimacy, the power cannot be completely lost [38].

Some authors recognize students as external stakeholders and lecturers as internal ones. Interesting conclusions were reached after research among Indonesian university stakeholders. Students tend to have lower satisfaction levels compared to lecturers [42]. The difference in perception was also proved in results by Kitchroen, who analysed students as primary stakeholders and staff members as internal stakeholders, proving that the former group has lower mean data of all service attributes. Measuring the satisfaction levels of internal and external stakeholders helped to obtain a comprehensive view to measure the gap between both groups [43].

For about two decades, many universities have been making effective attempts to build lasting relationships with their environments. Codified rules of conduct serve this purpose, such as inviting representatives from various stakeholder groups in an advisory capacity to the collective bodies of universities, or even the obligation to consult strategic decisions with internal and external stakeholders.

The importance of the proper involvement of stakeholders in university practice is obvious. Creating a studies curriculum always requires the diminishing of prospective discrepancies in perception of the program among such stakeholders as interns, alumni and companies.

4 Conclusion

Universities, as well as other organizations, are in an extreme difficulty to predict the future shape of the market in which they operate. Despite their intellectual potential, educational institutions are in no way privileged in their position in relation to other entities.

Constant analysis of the changing needs of stakeholders can provide knowledge on how to modify the offer of the university as well as its pro-social activities. But in order to fully analyse the environment, institutions of this kind should also examine the changing group of their stakeholders. With the prevalence of social media and the

increasing geographical range of prospective students, the groups of stakeholders from completely new environments with new and different expectations in relation to institutions are expanding.

Internationalization of higher education, as well as the increased mobility of students among all the countries of the world, is to be conducive to the expansion of existing stakeholder groups from the immediate environment to even from another continent or representing other nationalities.

This is confirmed by the fact that only listening to the needs of both existing and new stakeholders can promote the harmonious development of the university. The need of the market to predict the future is extremely difficult to satisfy. Knowledge of the needs of stakeholders and of themselves, however, can help in the proper demarcation of the trends of development and emerging needs of the environment. The answer of the universities to the question of what these potential future needs may be, therefore, is an extremely important factor in development. For both the institution and its stakeholders. And for those who are 'old' and the 'new', as well as, primary or secondary stakeholders of the university.

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