

# Differentiation Strategy and Rankings in Higher Education: Role of Rankings in Building a Strategy



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**Abstract** The contemporary higher education environment is dominated by uncertainty. Institutions do not disappear overnight in this industry, but study programmes decline even dramatically. Presently, ranking methodologies and indicators contribute to different and dynamic positioning of institutions at national or international level, based on a particular approach or a field-based one. Building a proper development strategy is a complex task for academic leadership. The chapter reveals the need of integrating the information provided by rankings into the decisions and actions in higher education institutions to achieve sustainable development. The main objectives of the chapter are to understand the dynamism of the contemporary competitive environment in higher education sector, to clarify the differentiation strategy as a solution for being stable on the educational market, to identify the role of rankings in defining an effective strategy. The topic is relevant for the students, contributing to their knowledge of differentiation strategy in general, but also on its applications in higher education, in particular; they will not only become more aware of the large possibilities of differentiation strategy implementation, but also better decision-makers about educational providers.

**The key points of the chapter are the following ones:**

1. to understand the main institutional challenges in the context of the higher education environment dynamism of the EU
2. to identify the importance of rankings in higher education sector
3. to understand the need of differentiation in the process of development in higher education institutions
4. to reveal the role of rankings in building an effective differentiation strategy for higher education institutions

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5. to provide a model of ranking-based differentiation strategy for higher education sector

## **1 Introduction: Main Institutional Challenges in the Context of the Higher Education Environment Dynamism of the EU**

In a competitive economy, when individuals and institutions have more and more alternatives to choose, development becomes uncertain. The dynamism of the higher education environment is generated from both international influences of the market, and national changes such as legislation and national requirements for quality assurance. Clear explanations of the changing context in higher education sector done by Sursock (2015) reveal that many effects on higher education institutions have been generated from negative demographic trends and financial crises which put a lot of pressure on the institutions' budgets. At the same time, the increase of youth unemployment in many regions of Europe generated at different decision-making level a high interest on entrepreneurship and innovative programmes, while a growing importance have been identified to internationalization, rankings and institutional positioning. These all evolve in a global market-place, as Kotler and Armstrong (2008) describe.

Many higher education institutions have paid a lot of attention to internationalization, developing study programmes in foreign languages, increasing staff and students' mobility and entering to international project. Al-Sindi et al. (2016) describe the importance of cross border higher education in the context of two leading motivational factors: international competitiveness and collaborations. They also admit the need of quality assurance procedures to perceive the quality added value of regional development. During the latest years, higher education institutions made numerous efforts to find solutions at similar issues through communication and cooperation. Granados (2015) referring to the current context of higher education institutions mentions the world of crisis in a complex knowledge society when everything changes; therefore, it appears the need for a new type of education, in which creativity is most needed, as well as institutional new type of behaviors such as networking, innovation, information and communication technologies.

A recent analysis of Bologna Process reveals the international efforts thousands of higher education institutions and different organizations have made towards its implementation, meaning adapting educational systems to become more qualitative and compatible. Navracsics (2015), the *Commissioner responsible for Education, Culture, Youth and Sport* explains the European context as one of cooperation in which degrees structures need to be modernized on the basis of quality assurance mechanisms. He explains that even many efforts have been taken place since the Bologna Declaration was signed in 1990, higher education institutions still have a lot to improve in the area of the abroad study and work recognition, competences

**Table 1** Main characteristics of the educational environment and institutional challenges

Context characteristics	Bologna process issues	Current institutional challenges
Complexity	Students' mobility	Better recognition of qualifications
Dynamism	Transferable credits	Competences description
Competitive	Quality standards	Consolidation of a quality culture
Non-traditional	Effective outcomes	Increasing employability
Global-oriented	Global cooperation	Internationally focused

and skills for future careers, development of student-centred learning, digital technologies for teaching and learning. The same report describes the *European Higher Education Area* context as being characterized by a student population diversity imposed by the national demographical changes and by a high impact of the financial crisis on the public funding expenditures for higher education. In February 2017, a new EUA project was launched in the area of teaching and learning, and through the four thematic groups, main challenges for institutions are revealed, explained and good practices examples shared: a new link between research and teaching missions of higher education institutions, empowering students to become better professionals and more involved in civic life, how student success can be achieved and new possibilities for teaching and learning, all of them into account the changing environment.

The main characteristics of the changing environment are simple explained in Table 1.

In this context, many events and conferences are dedicated in a large or strict sense to the higher education market—dynamics, rankings, partnerships. For example, at the European University Association Conference in 2017, main topic refers to autonomy, freedom and sustainability as future challenges. At the University-Industry Interaction Conference in 2017, main sections addressed to the need of more engaged and entrepreneurial universities on one hand, and of more educated leaders on the other hand. The over 400 participants to the conference representing managers, practitioners and researchers discussed about the importance of leading higher education into the future through a new generation of universities, more engaged and entrepreneurial.

The evolving European higher education system faces the challenge to adapt to a more difficult context characterized by Storey and Brendan (2014) as economically turbulent, politically unstable and socially rapidly changing. In this context, in the area of education, training and youth, European Commission (2017b) set new goals and promote good practices sharing, such as programmes for managing the youth unemployment on the basis of equal opportunities. In the EU Youth Strategy two goals are declared as most important for the 2010–2018 cooperation framework: more and equal opportunities for young generation for education and labour market and encouraging young people to actively involve in the society. This is why, a lot of attention is dedicated to youth employability, at different levels—governments, commissions, public and private institutions, including ranking organizations and higher education institutions.

Therefore, the revealed challenges in the European context for higher education mainly include: more efficient networking, new programmes for creating more innovative and entrepreneurial universities, new type of cooperation towards modernization, new link research-teaching, more attention to programmes generating employability increasing, higher control of financial resources, more creativity-oriented programmes and an increasingly higher interest on internationalization, rankings and institutional positioning.

At a national level, the educational sector in general and especially, the higher education one is more or less financially supported. Therefore, the institutional autonomy is very important in the process of evolution and development towards future challenges. At this point, differentiation strategy might be a positive reaction to competitive environment. What differentiation strategy in higher education sector is and how to build it in order to achieve higher education institutions sustainability are a few issues to be clarified.

## **2 Rankings and Institutional Differentiation in Higher Education**

### ***2.1 Rankings in Higher Education: Conceptual Clarifications***

In the contemporary context, rankings in the area of higher education are paid a lot of attention. From general principles and methodologies, to concrete particularities in calculating specific indicators, rankings are associated to institutional performance and competitiveness, with reputation and visibility as Radojicic and Jovanovic-Milenkovic (2017) consider. In the process of teaching and learning, Irvin and Kevan (2017) explain the competency-based education as an instructional model in which more important is what the students know and can do, rather than what they are taught. In addition, Jones and Olswang (2017) connect building competence in education with performance motivation and teaching knowledge and skills. Although systematic comparisons among US higher education institutions have been observed since 1870, as the origins of the international rankings are explained by O'Leary (2017), rankings are internationally recognized since the famous Academic Ranking of World Universities (ARWU) was launched in 2003.

At a national level, there is a huge variety of rankings. IREG Observatory on Academic Ranking and Excellence started in 2010 to publish an inventory of national rankings from different countries, based on a simple evaluation resulting in an *IREG approved* label given to the university. At an international level, rankings are more visible than at national one. In some countries, when there is no clear national methodology, institutions decide to take part in what they consider a relevant and useful ranking for their profile and subjects. Rauhvargers (2011) in a EUA Report on rankings explain the main indicators and dimensions for most

**Table 2** International rankings conceptual clarifications

Ranking	Aspects covered and clarifications (official websites)
ARWU Ranking	<ul style="list-style-type: none"> <li>– quality of education: number of alumni and staff with special distinctions (such as Nobel Prize)</li> <li>– quality of faculty: highly cited researches, number of staff with Nobel Prize, for example</li> <li>– research output: papers published in specific (indexed) journals</li> <li>– Per capita performance: per capita academic performance</li> </ul>
QS World University Ranking	<ul style="list-style-type: none"> <li>– academic reputation: expert’s opinions on teaching and research quality</li> <li>– employer reputation: employer survey</li> <li>– faculty/student ratio: teaching quality—students’ access to professors</li> <li>– citation per faculty: research quality—number of citations received by all papers produced by an institution across a 5-year period by the number of faculty members</li> <li>– international faculty and student ratio: ability to attract faculty and students from abroad, global awareness, strong international brand</li> </ul>
U-multirank	<ul style="list-style-type: none"> <li>– teaching and learning: bachelor and master graduation rate and graduating on time</li> <li>– research: citation rate, research publications, external research income</li> <li>– knowledge transfer: co-publications with industrial partners, income from private sources, patents awarded, publications cited in patents</li> <li>– international orientation: student mobility, international joint publications</li> <li>– regional engagement: bachelor graduates working in the region, regional joint publications, income from regional sources</li> </ul>

popular global rankings, starting from the differentiation among international rankings generating leagues tables, rankings based on research performance only, multirankings, web rankings and relevant benchmarking based on learning outcomes. Therefore, two rankings that generated highest attention were ARWU Ranking, and Quacquarelli Symonds Ranking. In Table 2, a simple review of the current dimensions/criteria used by the ranking methodology reveals in fact their conceptual clarifications. Another recent European multidimensional ranking is U-multirank which allows the user to express his or her own criteria and dimensions considered as being relevant.

Therefore, similarities and differences may be observed among the global rankings. Some are minor, like the understanding of the research quality expressed as faculty quality, as very high distinction or as number of citations and some are major, like the way the quality itself is perceived—through perceptions of others, meaning reputation-based surveys or concrete indicators of performance included in per capita performance. No matter how different the rankings methodologies are, they grow rapidly in importance. Hazelkorn et al. (2014) describe rankings as tools used to measure the university performance all over the world. They also demonstrate that rankings have brought consistent/considerable contributions to the way institutions were perceived by different stakeholders, such as students, parents, business sectors, employers, and media. In addition, based on rankings, higher

education institutions have implemented several changes, such as revisions of internal policies, new objectives for specific domains, new priorities for research, even new administrative structures created etc. All these affirmations prove that the impact of rankings is obvious for institutional development.

Currently, there are over 30 European universities within the Top 100 reputation ranking based on Times Higher Education statistics. A recent analysis made by Weingarten (2017) shows that even if American institutions are still dominating the perception of excellent universities, European universities are gaining reputation. More precisely, one third of the 31 universities are in UK and other 13 universities from Germany and Netherlands are in the TOP 800. In addition, among the world class universities included in the Shanghai ranking in 2015–2016, among the first ten there are six from US, but three from UK and one from Switzerland, which proves the same enhancement in terms of reputation and several ranking criteria like research visibility for European higher education institutions. Students can create by themselves small individual and personalized rankings after studying official websites of recognized rankings. For instance, from ARWU information, students are able to identify in what universities in UK, Germany, Netherlands, France etc. are best and create their own interest based ranking.

The importance of rankings for institutional performance must take into consideration the following issues of internal and external importance:

- internal importance: managers, administrators, academic staff, as well as students look for activities that contribute to the reputation increase. Internal changes take place starting from objectives which become more focused. Strategic decisions are improved. Important decisions are taken to accomplish the goals;
- external importance: potential students and families look for information provided by rankings in order to decide which institution or study programme to follow. Governments study rankings to design national policy. Employers use rankings to extract information for comparative studies needed to perceive the quality of the graduates.

Understanding the importance of rankings towards achieving a better positioning is not enough for higher education institutions to improve their strategic decisions. Building a ranking-based differentiation strategy might be a challenge for the academic management in order to perceive rankings as an effective tool for higher performance achievement.

## ***2.2 Differentiation in the Higher Education Sector: Importance and Analysis***

Differentiation in the higher education sector is not clearly defined. In order to understand its importance for higher education institutions, some general characteristics that apply to business must be analyzed and observed as being also relevant

to the educational area. Of course, similarities and differences between business and educational sectors must also be considered. Put differently, not all strategies that apply to business, are feasible and pertinent to higher education institutions.

Porter (1980) explains the need for a competitive strategy in order to achieve profitability, taking into considerations several competitive forces. He describes the competitive advantage of a company in relationship with the cost and the differentiation options, context from which two possibilities are brought up for companies: to accept costs and differentiate or to forget about differentiation and accept low costs. In other words, differentiation does not go along with low cost. The contemporary context is characterized by a financial instability since the economic and financial crisis in 2008, according to the European Commission (2017a). In other words, either public or private, resources have decreased and therefore, differentiation has become questionable.

In a competitive environment, long institutional life is difficult unless a special strategy adapted to the context is implemented. Such strategy refers to differentiation. In fact, competition takes place not only among products, but also among needs and financial resources. Therefore, differentiation is a solution to survival in the current context. Trout (2006) writes very simply that there are only two options: to differentiate or to die. He states that differentiation factors must be understood in order to be identified and reveals many differentiation ideas considering also the steps to a good differentiation strategy; some of the differentiation solutions include: differentiation must be mental, being the first is important, leadership position is differentiating, specializations count, being fashionable is important, tradition is to be strategically considered. Differentiation is itself very complex, and the competitive environment is providing multiple alternatives. The responsibility associated to choosing the strategy is colossal.

Differentiation is part of the contemporary environment and business coming from all types of industries. Doing businesses today means being different from others doing businesses in the same sector. Businesses are simply described by a novelty degree which can be also relative or absolute. The first step in doing business is to write a proper business plan in order to identify the key elements of the business which, as senior editor Palfy (2015) describes are: the business objectives, the market understanding and the profit and income relationship projection; therefore, in order to describe the product or service of the business, the plan must include pertinent answers to the differentiation issue especially, what makes the product/service to be sold on the market.

Kotler (2002) explains the importance of the differentiation strategy in connection to its positioning impact and identifies several differentiation variables—from product and services, to personnel, channel and image. The importance of the differentiation strategy must be explained from the three categories of interested parties—business, market and customers:

- business becomes more personalized for a specific market, meaning becoming either the best or better compared to others; in fact, competitive advantage is what makes products or companies different;

- market is better divided and segmented, better understood and controlled in terms of competition, quantities and qualities of the goods and services;
- customers become better known and satisfied; they are involved in the business development process through their feedback.

Differentiation-based strategy generates a new type of relationship among the three categories—business, market and customer. It becomes a direct one, meaning that the clearer or the better the differentiation strategy is, the better off the business, the market and the customers are.

A simple analysis reveals connections between business and educational sector. In Table 3 similarities and differences between organizations involved in the two sectors are expressed.

Similarities and differences can be even many more identified. Therefore, the differentiation strategy for higher education institutions has a specific importance generated from the characteristics of the environment. Higher education institutions should differentiate, at least for the following issues: differentiation variables become part of the marketing strategy and real effective competitive advantage, institutional strategies become more focused, institutional reputation changes from general to specific visibility. In addition, institutions, will have their competitive position improved, their potential candidates will be able to better select the study programme and the university, while similar universities will know in which compatible and complementary areas to cooperate.

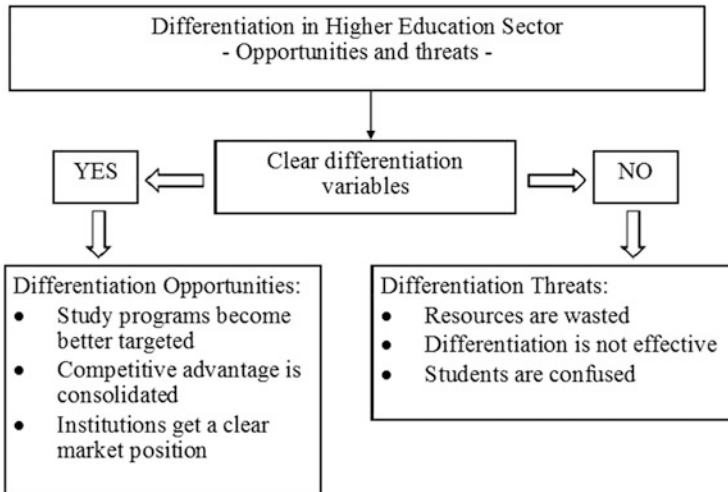
A deeper analysis of the educational sector reveals that differentiation is more difficult than in other businesses, for its opportunities and threats for institutions exposed in Fig. 1.

At present, many classifications include higher education institutions in groups that reflect the institutional mission as Hazelkorn et al. (2014) describe. Taking into

**Table 3** Business sector versus higher education sector

Issues	Business sector	Higher education sector
	Similarities	
Resources	– financial, material, human and informational resources are used; insufficient resources create a huge restriction for development	
Management	– strategic management, quality management, change management	
Marketing	– product and services are part of a marketing strategy	
Client relationship	– efforts are made to develop the relationship for a long term	
	Differences	
Main purpose	– profit maximization – cost minimization	– increasing visibility – increasing reputation
Mission	– very diverse	– more or less similar: education, research and involvement in society development
Promotional strategies	– very often	– never or approximated to such strategy





**Fig. 1** Differentiation opportunities and threats for higher education institutions (Source: Author)

consideration the first two institutional missions—research and teaching missions, or even combinations between them, institutional types might include research intensive, research and teaching, teaching intensive universities etc. For instance, Russell Group comprises 24 research-intensive universities, considered world-class universities, all of them being unique and sharing distinguished characteristics. Rankings include several dimensions, generated from the institutional missions. A ranking based differentiation means a new higher education strategy. A ranking based differentiation has to be decided by the higher education institution management in terms of which ranking is most relevant for the institutional profile and which would generate a higher impact on institutional visibility. The ranking identified as relevant will be then better understood and its criteria as well as indicators will become institutional directions of improvement. The entire responsibility belongs to the academic leadership, which according to Swami et al. (2017) have a strong commitment to many areas, including quality assurance, strategies adopted, research, developing new programmes.

### 3 Ranking-Based Differentiation Strategy in Higher Education Institutions

#### 3.1 Role of Rankings in Building an Effective Differentiation Strategy

Differentiation is more or less visible in different industries; Shepart (2014) provides an insight in several areas such as insurance, cosmetics, fresh food, recruiting etc. and identifies what makes the companies different from the competition. The

more sustainable businesses are the more effective differentiation is. Differentiation is applicable in many ways, but to be effective, it must generate considerable effects for the business. Trout (2006) explains using metaphors that different elements can be generators of differentiation—such as leadership, tradition keeper, market specialization, preferences, being the first, while others cannot always generate differentiation, such as quality and client orientation, price, creativity. In other words, not all changes generate differentiation in terms of real competitive advantage. An effective differentiation is that approach that generates higher value to the business and its beneficiaries.

In higher education sector differentiation is more or less visible. Many business actions and models, practices and techniques can be applied in this field. Higher education sector is characterized by several many indicators generated from the institutional strategic and operational plans. Each indicator can be easily considered relevant for differentiation: number of students, cycle of studies, number of international student, number of incoming and outgoing students, financial state, sponsorships, number of partnerships, curriculum activities etc. In the quality assurance evaluations, many indicators are used and each of them or groups of them is a criterion for differentiation. In addition, higher education institutions are classified by national legislation or by international organizations as being of one or another type, therefore different.

At present, national and international rankings for which higher education institutions submit data or not are also tools that integrate institutions in different groups or categories. These are defined by specific dimensions according to ranking methodologies. A synthesis of the current expressions of differentiation in higher education sector is shown in Fig. 2.

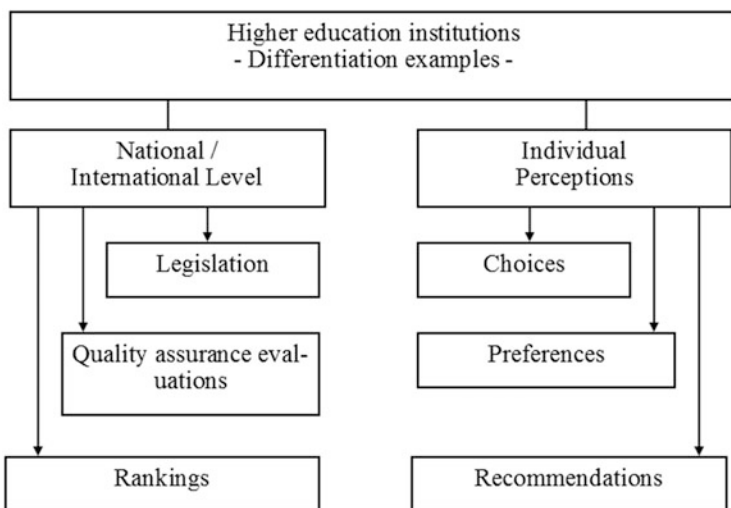


Fig. 2 Differentiation in higher education institutions (Source: Author)

Therefore, rankings generate differentiation among higher education institutions, as the legislation and the quality assurance standards do, too. Important is that individual perception considers the rankings and the type of institutions they want to reveal through the positioning. On a long term, what contributes from a feedback point of view is whether the students and graduates recommend the institutions to their family and friend or not. A ranking-based differentiation strategy could contribute to a better understanding of the institutions and its valuable characteristics.

At a first glance, differentiation in higher education sector is also present. It contributes to the recognition of higher education institutions as part of different categories: big or small, public or private, accredited or not accredited, research intensive or teaching intensive etc. Does this mean that differentiation strategy is also present? Two approaches can be observed in higher education sector. In the first approach there is no differentiation strategy. The existing indicators and institutional categories accepted or recognized by national and international legislation, methodologies and systems are not enough. At the end of their studies, the diplomas are comparable and graduates have no benefit in their career development for graduating from one institution or another. In the second approach differentiation exists and it is less visible, at the beginning of the student-institution relationship, but more visible at the end of their studies, when students become graduates; an effective differentiation recognition must be done by institutional beneficiaries of the educational services, by the students and potential employers of them. What is relevant in terms of differentiation in higher education sector is that differentiation variables are important in this process; they belong to the following categories: product and services, teaching and research staff, distribution, promotion. Higher education institutions provide personalized study programmes, sometimes created in cooperation or joint degrees in order to be more attractive to potential candidates; services can also be personalized in terms of convenience in applying for internships, or extracurricular activities. At the same time, institutions can become famous from the presence of recognized specialists in their field of teaching or research; in such cases, students will accept institutions with less equipment, but high quality personnel. Higher education institutions do not have much flexibility in providing study programmes, the main possibility being: full time, on line and blended learning system of teaching and learning; Institutions can benefit from their image and brand and if this happens, they do not need to have an aggressive promotion.

Each of the previous elements can be an efficient differentiation variable for higher education institutions. These differentiation variables are more or less considered by students in their decision making process. Sometimes, they are aware of the competitive advantage and they want to benefit from the institution strength, while other times, potential candidates ignore the differentiation variables and choose a study programme under totally subjective motivation. Therefore, students may behave accordingly to two possibilities. One possibility is of a student behavior ignoring differentiation variables, case which corresponds to the first approach when differentiation is not considered possible in higher education

institutions. The other possibility is of a student behavior oriented by differentiation variables awareness, case which corresponds to the second approach when differentiation is considered and recognized.

On the educational market, institutional behaviors interact with individual behavior. On one hand, higher education institutions might pay a lot of attention to the importance of the differentiation and its effects on current and future state and therefore they might invest in creating and consolidating a competitive advantage. Such an investment implies a cost of differentiation. No cost at institutional level for a clear differentiation variable does not necessarily mean that the institution is not different from the others. In this case, resources are not directed towards differentiation, the institutional behavior being freely oriented. On the other hand, students may pay a lot of attention towards the institutional features and being aware of the differentiation variables, they generate a behavior oriented towards their own education investment. When they are not interested in differentiation variables of higher education institutions, students are not preoccupied of their own education. From all these interactions, the differentiation strategies arise as seen in Fig. 3.

Higher education institutions' strategies are the following ones: strategy of win-win, strategy of inefficiency, strategy of lottery and strategy of non-action. These generate institutional behaviours that are explained in Table 4.

Any lack of understanding is transferred to the management performance of the institution. The better the differentiation process is understood, the more efficient the change management is. At the same time, the sooner the students are in clarifying their study and carrier profile, the higher their employability will be. In order to both institutions and students meet in the process of differentiation, change management must be involved accordingly. As a consequence, students will choose the best higher education institutions for them to study and institutions will have the best students' profiles.

A ranking-based differentiation strategy should take into consideration variables generated from the major ranking dimensions. A review of national rankings from

Institutional Costs for Differentiation Variables	Student Awareness of Differentiation Variables		
		High	Moderate or Low
	High	Win—Win Strategy	Inefficiency Strategy
Moderate or Low	Lottery Strategy	Non-Action Strategy	

Fig. 3 Differentiation strategies generated from institution-student interaction (Source: Author)

**Table 4** Differentiation strategies and institutional behaviours

Strategy type	Higher education institution' behaviour
Strategy of win-win	Institutions understand the importance of the differentiation in defining their actions and invest in it. At the same time, they attract students with high interest in matching their studying profile with the institutional offerings and therefore both expectations are fulfilled
Strategy of inefficiency	Resources are invested in developing towards one or several differentiation variables, but students do not pay attention to these and then, the percentage of students' high performances will be low
Strategy of lottery	This is a passive strategy in which institutions either do not understand the importance of differentiation, or do not have enough resources to cultivate the changes. Students with high interest in finding the best institution for them to study will be partially satisfied, so some will consider the already existing features as corresponding with their study interests, while others will not
Strategy of non-action	Institutions do not pay attention to differentiation variables, and students have a low or moderate preoccupation of what this might mean for their profile. Institutions will be characterized by a passive strategy of non-actions, waiting for regulations to force them do change something

**Table 5** Main ranking dimensions, based on IREG inventory

Ranking dimensions		
Research	Regional engagement	Staff/student ratio
Teaching	Student satisfaction	Level of final degree
Reputation	Campus life	Completion rate
Internationalization	Website	Academic and student facilities
Innovation	Social service	Welfare and administrative services
Employability	Entry standards	Teaching and learning environment

the recognized rankings by IREG Observatory on Academic Ranking and Excellence reveal the dimensions include in Table 5. The dimension selection includes the rankings from European countries, meaning 25 national rankings.

Some of the major dimension included in the rankings are more frequent than others; research is considered by 26 times, teaching by 30, reputation by 18 times, internationalization by 14 times, innovation by 9 times, employability by 14 times, while the rest less than 3 times. Campus life is reflected only in the Italian ranking, student satisfaction in the Irish ranking and in one British ranking. Some of the dimensions can be connected to others, such as research with innovation, campus life with student satisfaction and with academic and student facilities, teaching with teaching and learning environment etc.

Ranking role in building an effective differentiation strategy is clear, once the academic leadership choose the dimensions to institutionally focus on. Some would consider that a really excellent university pays attention to all the aforementioned dimensions, which can be true, in case of an external comparison to other institutions. When the analysis is done internally, dimension based objectives should be prioritized meaning that what is different is in fact the importance of the dimensions and not the dimensions or variables themselves.

### 3.2 *Model of Ranking-Based Differentiation Strategy for Higher Education Institutions*

Differentiation is a key for successful strategies. Many business ideas can be adopted in higher education sector and best answers to simple questions can be found related to proper institutional change and development. Krogerus and Tschappeler (2012), McGrath and Bates (2013) and Sherratt and Delves (2014) explain that the current challenges for decision making processes are related to management dilemmas, to abilities to manage the change itself and to find proper change orientation and answers to change-related questions. Such questions are: How to find a competitive advantage for higher education institution? Which are the distinctive features of the institution? How to manage a change effectively? In other words, the main questions are: What to change? How to change? How to make the change effective?

Differentiation is a consequence of change, but also a premise of the process of change. According to Roberts, there are five management functions, beginning with planning, like all management specialists follow and based on Evans (2013), there can be used 80+ tools to create a winning strategy. A short description of the differentiation strategy as part of the management process is reflected in Fig. 4.

Differentiation strategy starts from the institutional vision and mission, where from, clear and smart objectives must be identified, according to the available resources. In many cases, marketing research is the key for identifying pertinent institutional changes, based on Brandt (1999). The strategy is not a moment, is a process to be planned, organized, coordinated and controlled. In order to build an effective strategic model for differentiation in higher education institutions, academic leadership should correlate the ranking dimension to the institutional

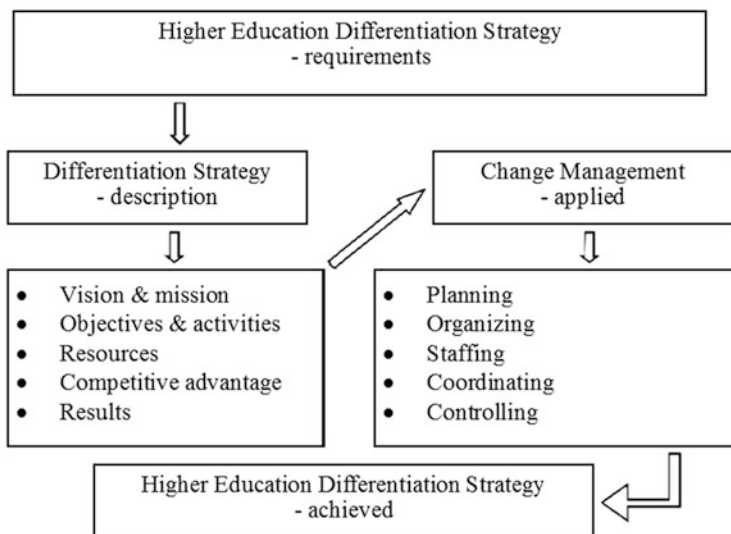


Fig. 4 Differentiation strategy—from objectives to results (Source: Author)

**Table 6** Ranking dimensions and institutional mission

Missions: teaching—1; research—2; society involvement—3		
Research: 2 Teaching: 1	Regional engagement: 3 Student satisfaction: 1	Staff/student ratio: 1 Level of final degree: 1, 2
Reputation: 1, 2, 3	Campus life: 1	Completion rate: 1
Internationalization: 1, 2	Website: 1, 2, 3	Academic and student facilities: 1, 2
Innovation: 1, 2	Social service: 1, 3	Welfare and administrative services: 1, 2, 3
Employability: 1, 2, 3	Entry standards: 1	Teaching and learning environment: 1, 2

mission, first. Secondly, since differentiation is connected to change, academic leadership should generate institutional change through the decision-making process. A link between the possible dimensions as differentiation variable and the institutional mission could contribute to a correct strategy building. Therefore, such a possible connection is shown in Table 6.

Therefore, considering all the aforementioned connections between ranking dimensions and institutional missions, the steps to follow to generate the change towards the differentiation should be:

- determine the higher education option for the ranking dimension
- assess the current state of the ranking dimension
- define possible institutional changes
- predict the competitor's changes related to the chosen dimension
- implement the change.

A differentiation strategy is a way of competing in which institutions look for unfitness, through selecting one or several ranking dimensions. Higher education institutions become able to better perform on the market, but only in the case of student awareness or other stakeholder awareness, according to the specific objectives. If the students do not know or do not trust rankings, having a differentiation strategy and investing in it is similar to the case of no differentiation at all. In other words, a differentiation strategy is worth building and developing only if the students, as beneficiaries of it are aware and understand it properly. In this context, communication to the public is most important. Media and institutional press office contribute to the strategy building. If the communication is direct, continuous and clear, the strategy is effective. In case of a lack of communication, the differentiation does not reach the potential public and its impact becomes minor.

A general model of differentiation strategy is presented in Fig. 5.

Differentiation strategy starts from the institutional vision and mission, where from, clear and smart objectives must be identified, according to the available resources allocated for ranking-based dimension. In case of a research and internationalization-based institution, the internal decision towards these areas and more resources allocated to them are not enough for achieving an effective differentiation strategy. It has to be properly communicated to the public, therefore, communication strategy must go along with the differentiation message. Making the strategy visible is the key to achieving its objectives.

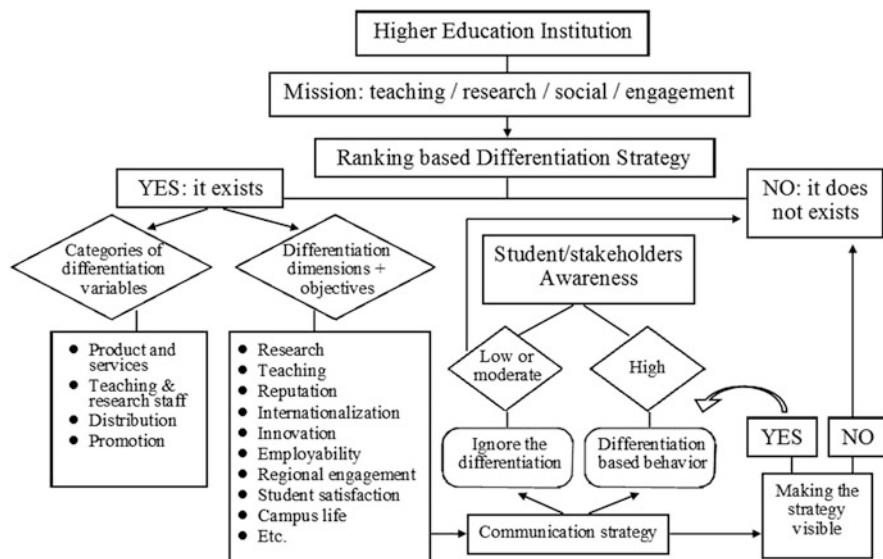


Fig. 5 Model of ranking-based differentiation strategy for higher education institutions (Source: Author)

## 4 Conclusion

### 4.1 Theoretical and Practical Issues

Higher education institutions are important structures in a local community, as well as in national and international community. The differentiation strategy can be a successful change management for pro-active behaviors. A differentiation strategy is necessary and requires more than a declaration statement from the academic leadership. It implies a proper institutional engagement from the differentiation variables identification towards their proper communication to the interested parties, meaning stakeholders. Differentiation strategies are a result of the change management process effectively implemented.

Rankings are part of the current context and there is no way back to the context before these leagues or mappings. Institutional decision must be taken whether rankings should become an input to strategical changes or leave them as results of ranking institution that can be ignored. Once the decision of the academic leadership is to consider and cope with the ranking institutions, pertinent cooperation with them become internally recognized and institutional profiles are submitted to the ranking institutions and agencies.

From a theoretical point of view, academic leadership must understand specific ranking related concepts, such as league, criteria, and indicators in the contemporary context. In the absence of a proper contextual understanding, all institutional decisions will be like survival actions and not performance-oriented once. From a



practical point of view, academic leadership becomes aware to what rankings are and reveal—specific dimensions, methodologies, differences among rankings, importance of institutional data submitted or collected by the ranking groups etc.

The proper differentiation strategy is of tremendous importance for different stakeholder categories. In addition, the communication strategy should follow the type of the message beneficiaries look for; a future student at a bachelor programme might be less interested in research than a doctoral candidate, or an external partner. The stakeholder category must be identified, and the message should be created according to its needs. In other words, a ranking based differentiation strategy may be effective only in the case a stakeholders' awareness.

## 4.2 *Future Studies*

Differentiation is possible in specific contexts through specific tools and as contexts change, so do the tools improve. How to apply the differentiation strategy could be of interest in a dynamic environment such as the contemporary one? Another topic for future studies could be the correspondence between the change management and the quality management in higher education sector, since the change is continuous, but the standards of quality do not keep the change dynamics. Of interest could be the importance of finding tools for students to better choose their studies according to their individual profile and institutional competitive advantage, so that they could be more satisfied with their decisions.

### Questions and Activities

1. 'The current European context of higher education is a context of cooperation'. Explain and comment upon this statement in the light of the education environment characteristics considering the impact of this context towards your own university
2. 'One institutional challenge is a better recognition of qualifications.' Explain why this statement may have been made. Do you agree with it (make sure you justify your answer providing short examples of good and bad practice based on your own research)? What is the role of the Bologna Process in this matter?
3. 'Quality of education is an important dimension of most of the rankings at national and international level'. Explain and comment what issues does it reveal and which mission is it connected with; select and compare 3–4 rankings, at your choice and integrate the information they provide in your explanation.
4. 'A differentiation strategy in higher education institutions is important for all stakeholders'. Explain who the stakeholders are and which are the benefits of a differentiation strategy for each category of them for your university in comparison with other similar institutions better positioned in a global ranking, such as ARWU.
5. 'No matter what rankings are accepted at national level and recognized at institutional level by the academic leadership, who decides what to study and

- where to study is the candidate himself/herself.’ Explain the factors that influence individual perceptions on higher education institutions and study programmes. Do you agree with this statement? Do a questionnaire based research to identify the main motivational factors that contributed to the study decision of your colleagues and explain if rankings are one of the reasons for their decision.
6. ‘Student awareness related to differentiation variables for higher education can be low, moderate or high’. Create a questionnaire based research to identify the level of students’ awareness related to the differentiation variables of your university. Find the students’ answers to what makes their university different from others.
  7. ‘A ranking-based differentiation strategy has no impact in case of a low level of student awareness.’ Do you agree with this statement? Explain the relationship between the impact of a differentiation strategy and the level of stakeholders’ awareness. Identify what different stakeholders look for and provide examples of strategic partnership with your own university.
  8. ‘Some rankings consider that an institutional performance is measured by the quality of research’. What do you think about this statement? Explain the link between teaching and research quality in higher education. Create your own research in order to identify the academics’ perception on one hand and the researchers’ perceptions on the other hand in terms of the research based institutional performance and the institutional capacity of integrating research into teaching.
  9. ‘The importance of rankings can be described from an internal and an external point of view.’ Explain why this statement. Select three European countries and universities and reveal the national changes towards considering rankings as important tools for institutional development and identify concrete practices universities implemented.
  10. ‘Increasing employability is considered an institutional challenge for a higher education institution’. Do you agree with it? Should this be an individual responsibility, a labour market responsibility or a higher education institution responsibility? Discuss the efforts that different institutions have made on tracking students and graduates and comment how a good tracking can be an input for increasing employability.

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