HIGHER EDUCATION MANAGEMENT 2020
CHALLENGES AND NEW APPROACHES
IN THE FUTURE

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INTRODUCTION

Competition on the higher education (HE) market, due to the increasing number of public and private higher education institutions (HEIs) as well as the Bologna process as a driving power of a new European Higher Education Area are forcing institutional changes. Because of this and new HE regulations in many European countries HE is in a change process. More market and stakeholder orientation leads to a competition-oriented HE-system and to new profile development at the institutions, underlining the need for (in the case of HEIs) innovative management instruments. HEIs are thus in need of modern management approaches and tools to cope with this "competitive stress". The question of exactly how these concepts are implemented is the particular challenge faced by an expert organisation (Pellert, 1999) on the way to further developing the organisation of HEIs and the corresponding professionalisation of the management. At the same time, HEIs have demonstrated a certain degree of resistance against the adoption of new models as well as reform ideas. In many cases, Humboldt's ideal of autonomy runs counter to Machiavellian objectives and limits, as well as the state and governmental influence (Clark, 1983). Thus, there is a conflict of priorities between the impulse for renewal and the necessity for controlat the policy-making, institutional, instrumental and individual levels (Hödl and Zegelin, 1999: 12; Cordes et al 2001: 7; Fröhlich, 2004: 10).

HEIs are knowledge-based expert organisations with a strong focus on teaching and research. Nowadays academic services such as the third pillar have been incorporated into the thought processes of HEI leaders and have been given more attention within HEIs. Education and research activities are de facto services to the public, to companies, students etc. Through strong competition in the HE market, institutions are constraining to search for competitive advantages. Knowledge production alone is not enough. This limited mission of HEIs has to be changed.

Through the integration of a service culture the original tasks of HEIs are given additional support in order to be successful. In this "service mode" HEIs have to change their attitude, discarding the image of an ivory tower and transforming into a relationship-based organisation.

THE DEVELOPMENT OF HIGHER EDUCATION INSTITUTIONS

In recent years, university policy in Europe has been characterised by increasing reliance on the differentiation of the university system as a modernisation factor, by the catalytic forces of the Bologna Process toward shifts in thinking and acting within higher education institutions. Meanwhile, these institutions are being granted more autonomy and their behaviour in the resulting competitive situation (Hödl and Zegelin, 1999) is expected to become more customer-oriented (Hansen, 1999; Nullmeier, 2000; Pausits, 2006), more cost-aware, and more sensitive towards the needs of society.

The approach adopted by public authorities with regard to universities has essentially transformed, and the shift towards enlarged 'managerialism' (Enders et al., 2005; Pellert, 1999) has been seriously influenced by ideas of 'academic capitalism' (Slaughter and Leslie, 1997) and 'entrepreneurial universities' (Clark, 1998).

Enders et al. developed three different scenarios for the future of higher education in Europe (Enders, J. et al., 2005). The characteristics of the first model—Centralia—would include a state-oriented organisation, European integration, synchronisation and big organisations. The second model—Octavia—would harness institutional and economic developments on the road toward a network economy and focus on control by the academic community as its crucial identity. In the third model, in contrast with Centralia, attention is focused on a market orientation, small organisations and high freedom for decision-making or integration to describe what Enders et al. have called '*Vitis Vinifera*'. Without predicting which "world" will become reality, it is clear that the wind of change has already arrived upon the European higher education landscape.

File et al. (2005) point out that European higher education institutions will act in a setting far less secure than that of even just a few decades ago. They will benefit from new self-government, which deals with crucial issues such as student selection, influencing tuition fee levels, setting income policies for employees and deciding autonomously which programmes to offer. These will be new aspects of the universities' interior "management existence". Modes of competition for

students, staff and contracts will increase significantly. More liberal regulations lead to greater financial independence, further chances and higher risks (File et al., 2005). Academic administration and management have become increasingly complex: the institutions have so far become larger and more multifaceted, the tasks have multiplied (modern "multiversities") and therefore the need to provide skilled management and administration has increased (Kerr, 2001). More management tasks have to be fulfilled at the institutional level than before. Professional management is an important prerequisite to enable the higher education institution to perceive itself as an autonomous organisation (Bleiklie, 2005) instead of being subordinate to central government.

Specific modes of management for a specific organisation have to be developed and new forms of participation have to be created (Hanft, 2000; Pellert, 2000). Another important prerequisite for establishing appropriate forms of management is the appreciation of management (Ruch, 2001) in the sense of honouring good performance in the field of management and organisation.

The quality of management will depend on the quality of the administrative web that "ties together" different management functions and administrative positions in different parts of the institutions and with different tasks (Cordes et al. 2001; Hanft, 2000; Hansen, 1999).

This new development has its roots in the growing number of professional activities within European higher education institutions and in their relevant environments; however, adequate, practice-oriented degree programmes designed for international target audiences are still comparatively rare.

SERVICE-BASED HIGHER EDUCATION MANAGEMENT

The orientation and "changes in knowledge transfer," (Müller and Böling, 2000: 5) from teaching to learning, refer to a customer orientation in such a way that the "potentials and processes are coordinated with the learning prerequisites provided by the students" (Hansen, 1999: 371). One example of this is the new flexibility of times and places of learning or the use of E-learning. The improvement of an institution's services takes place by orienting the services towards the students, as well as through the better use of students as external factors. This customer orientation is reflected in the main processes of HEI, i.e. teaching and research, as well as in the perception of students, strategic partners and enterprises as customers. The core competence of

HEIs is still knowledge development, transformation and sharing. At the same time HEIs should become a "partner for life" through life-long learning. As a knowledge service organisation the HEI is not prepared for this shift.

Customer orientation as the motto of reform efforts at higher education institutions is more and more often the subject of scientific studies (Bastian, 2002; Krulis and Randa 1996; Meissner, 1986: 125). The approaches, for example, of Hansen, Sinz or Müller and Böhling, (Hansen, 1999; Sinz, 1998a; Müller and Böling, 2000) to turn HEIs into a real service provider are becoming more and more accepted within HE organisations and the relevant ministries. These demands are reinforced by the causality between services and the HEIs (Bastian, 2002: 11; Heiling, 2003; Hansen, 1999: 369):

- Services are immaterial. At the higher education institution, they include research (in the sense of the progress of knowledge) and teaching (as knowledge transfer) (Sinz, 1998b: 3; Hansen, 1999: 371).

- Services are largely about experience and trust, and are thus a priori not entirely measurable (Wochnowski, 1999: 287). For example, the evaluation of the quality of teaching only takes place during or at the end of studies (von Lüde, 1999: 135). Students must trust the HE institution to follow through on the evaluation results.

- Services, moreover, require an external factor—these are the students at the higher education institution—which actively participates in the production process of the service and thus has an influence on the quality (Hansen, 1999: 371).

A fundamental difference between HEIs and service enterprises is the educational task. Different target groups have divergent demands with regard to teaching and research. Thus, an orientation towards any individual group of customers—students, the state, providers of third party funds, etc.—is, strictly speaking, only possible to a limited extent. Instead, the HEI has to consider the interests of all the social stakeholder and customer groups (stakeholder approach) in the course of any educational task (Stegner, 2000: 1; Franck, 2000: 19; Hödl and Zegelin, 1999: 5).

Besides their educational tasks, higher education institutions also have to pay attention to the particular logic of the relevant market at any given time. A transition from a sellers' market to a buyers' market has occurred. This transition has forced higher education institutions to critically examine their own potentials

and processes and to better orient themselves to the various demands (Thielemann, 1997; Schäfer, 2003: 144; Rothschild and White 1993: 20; Stauss et al., 1999: 1). In a sellers' market, there is little incentive to orient potentials and processes towards the expectations of different groups of customers by means of a service orientation (Schrader and Eretge 1999: 104). A shift from sovereign institutions demanding services, such as education ministries, to potential students has just begun in recent years. For example, the Western Hungarian University in Sopron offers a business administration study programme in German. This educational offer appeals both to Hungarian students as well as those from neighbouring countries.

One finds different approaches to the theoretical examination of the education market as a buyers' market. Ruch calls this "trusting the marketplace" (Ruch, 2001: 68) and Keller sees a "management revolution" (Keller, 1983: 16) at HEI. These considerations indicate a shift from a transaction-oriented and knowledge-based to a relationship-oriented perspective in HE management. The advantages of a relationship orientation are systematised by Hennig-Thurau and Klee (Henning-Thurau and Klee, 1997: 737) in the following way:

Social Benefits refer to the forming of social relationships between customers and companies. In the context of higher education institutions, this finds its expression in the social integration of students into the higher education institution (Tinto, 1993), as well as into the higher education institution's community as a network.

Confidence Benefits, on the other hand, result from the degree to which students and graduates have confidence in the activities of the higher education institution and its members.

Special Treatment Benefits result from the degree to which customers experience individual care by the higher education institution.

Identity-related Benefits in the context of higher education stand for the advantages that result from the public prestige and image of the higher education institution and the positive influence they have on professional life.

Customer orientation does not automatically ensure the customer base, but it does create a necessary condition for such a base. It has to be clearly stated that periodic satisfaction ratings and evaluations of teachers and courses are a necessary, although not the only, requirement for building long-term relationships

between students and any given HEI. Today, due to the life-long learning approach, we assume that students will not only study at the HEI once, but they will have recourse to the (teaching) services of the HEI again and again over time. Thus, the relationship takes on the character of companions for life. However, HEIs are not yet prepared for this kind of commitment. Continuing education in the sciences is still underdeveloped as a basic support and activity of HEIs in the LLL-process, particularly at public HEIs. A reorientation of HEIs is necessary here.

The potentials, processes and outcomes of a HE institution form the basis of its relationship orientation. Hansen emphasises that the higher education institution's processes and potentials are rarely coordinated because "the desired outcome quality is not always clearly defined and because the potentials and processes are not interpreted clearly enough as determinants of the outcomes" (Hansen, 1999: 377). Therefore, attention has to be paid to coordination in the development of a relationship value model. The organisation of potentials and processes of the production of services determines the quality of outcomes.

In service-oriented fund appropriation systems, students are the capital for HEIs. Something similar applies to alumni, who open up attractive cooperative and financing opportunities for HEIs above and beyond the students' studies. Thus, one of the paramount tasks of the higher education institution is to structure its relationship to these two groups without restricting students' freedom in the process.

A relationship is based on strategy, processes and people to manage the interaction with stakeholders in an organised way. New information and communication technologies like the internet, data warehouse solutions etc. are able to support this triangle and improve their performance.

First of all, relationship management stands for the development and implementation of a new stakeholder-centred higher education strategy. A reorientation of all the processes and responsibilities of HEIs towards stakeholders has to take place in order to implement relationship management. Relationship management is a higher education strategy aided by state-of-the-art technologies that is used to optimise the quality of the long-term relationship between the higher education institution and her stakeholders. The task of relationship management is therefore to analyse, plan and structure the connection channels of the stakeholders. Along the lines of McKenna (1991: 86) and Diller (2000: 20), the basic principles of Relationship Management are as follow:

Intention of a unique relationship: The objective is to set up a special relationship, which has the goal of beneficial co-operation for all involved bodies.

Individuality towards stakeholders: Different segments of stakeholders should receive different service options.

Information on stakeholder: In order to be able to fulfil the first two points, it is imperative to obtain, store and analyse as much comprehensive information on the relationship and stakeholders as possible.

Integration of stakeholders: Stakeholders should be connected to the HEI in the best way, bearing in mind their particular role..

Interactions with stakeholders: It is only possible to gather data and information or to build up a relationship with stakeholders at all through interaction with them.

Investment in stakeholders' relationship: All of these steps cannot be realised for free. Relationship management also requires the readiness to commit oneself financially. In view of the target successes and outcomes, these are more than just costs involved, but an investment in stakeholders and thus in the future of the HEI as an organisation.

These "six I's" are the basic driving forces for a strategic relationship management. The framework for relationship management is finally based on these rules and has to follow them by creating single tasks and actions to improve the effectiveness and efficiency of the relationship with the stakeholders.

The soul of the information technology revolution, in particular the Internet, is the chance given to HEIs to choose how they interact with their stakeholders. The Internet opens up the possibility to create better relationships with stakeholders than has been previously possible in the offline world. By combining the ability to respond directly, for example to potential student requests, and to provide the same stakeholder group with a highly interactive customised services, HEIs have a greater ability today to establish, nurture, and sustain long-term relationships than ever before. This is also needed in order to open the gates of the old HEI ivory towers. Gibbons at al. describe this as Mode 2 knowledge production. (Gibbons et al., 1994) Whereas Mode 1 is seen to be discipline-oriented, homogenous, stable and more hierarchically organised, Mode 2 is seen to be transdisciplinary, heterogeneous, heterarchical and transient. In Mode 2, value, sustainability and social acceptability are fundamental criteria in the evaluation of quality. In Mode 1 it was the academic communities that "spoke"

to society. Under Mode 2 society "speaks back" at the academic communities. Thus, the conventional academic model of 'open science' and disciplinary based research driven by internal reflection is challenged. (Arbo and Benneworth, 2007: 40) The connectivity between HEI and their stakeholders is more complex and therefore a strategic management of the different relationships to different stakeholders' groups is needed. The hybridisation between forms of knowledge and forms of organisations, and previously separated realms of society are becoming more and more intertwined. Figure 1 shows the complexity of stakeholders' relations in Mode 2:

Figure 1. Management "directions" of higher education institutions in Mode 2
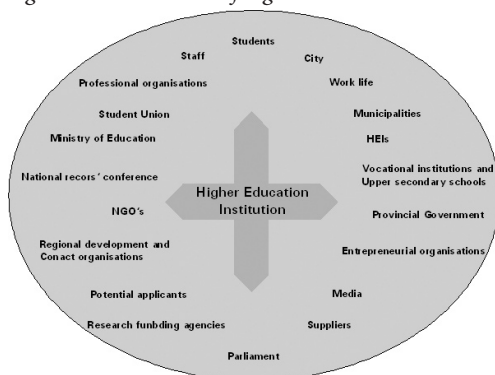
The named management relationships in Figure 1 could be divided into HEI to governmental bodies to business and to customers. All three groups require different relationship strategies and activities. The success of HEI is significantly determined by the quality of these touch points of the outside and inside world of the institutions. To mange all these different levels and highly differentiated relationships a systematic framework is an absolute requirement.

CONCLUSION

In future, HEIs will have to use the relationship capital of students and alumni in a better way. If alumni are the only group considered as customers of HEIs because, as former students, they can support the university via sponsorship and other contributions, it is already too late. Instead, alumni work has to begin when the students first make contact, even before they begin their studies. The potential

relationship with alumni can only be used if the process of forming the relationship is seen not as a purely isolated activity, but as part of a process in the sense of a full life cycle. Therefore a shift from knowledge to relationship orientation is essential. Finally, the service-oriented management is about creating framework conditions that make it possible to proactively proceed in the service processes of the HEI (Homburg and Sieben, 2000: 490). It is necessary to systematically stimulate relationships towards segment-specific strategic objectives so that the desired success and an ideal type of relationship can be assured in a stakeholder approach.

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