

STAKEHOLDER ANALISYS OF HIGHER EDUCATION INSTITUTIONS

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ABSTRACT

In recent years, knowledge, the human capital, and learning organizations have become the key determinants of current global progress. Higher educational sector has been faced with globalization and strong competition. Therefore, the need has arisen for professional management structures and more entrepreneurial style of leadership. Organizations have been transformed to learning organizations by the life long learning concept, while the knowledge management has become the leading tool in building competitive advantages. High education organizations are being pushed forward by competitiveness. That pressure requires continuous improvement emphasizing the need for measuring outcomes and building excellence. The paradigm of stakeholder analysis, applied to specific determinations of the system of higher education institutions, could be a good way for comprehending and predicting interests, needs and requirements of all key players in the environment. The purpose of this paper is to enhance the possibility of understanding the connection between higher education institutions and its environment in context of stakeholder analysis. The paper uses literature as a basis in identifying critical parameters for stakeholder analysis and its implementation to higher education sector. The findings of the paper reveal that the concept of stakeholders is critical and difficult to implement everywhere and to everything. There is a clear attempt of all organizations, especially those that create and encourage knowledge, to understand the actions of all participants and predictions of interests and requirements of the changing environment.

KEY WORDS

higher education institutions, stakeholder analysis, knowledge management

CLASSIFICATION

JEL: M00, M12

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INTRODUCTION

The last decades have been defined by significant social, economic, political and cultural changes, while European higher education sector has been transforming, and above all those important changes affect the conceptualisation and functioning of universities [1]. Modern economy, organizations and workers are focused on and are determined by knowledge. Because knowledge is a key resource and a basic asset in this day and age, our society is being transformed by new skills, techniques and paradigms of knowledge, so new generations need 21st century skills: critical thinking/ communications, collaboration and creativity [2]. Our time has become known as the Knowledge Age, implying that we live in knowledge economy rather different from the Industrial Age and we shifting to 21st century thinking [3]. Knowledge Management (KM) is a new trend of management for modern global organizations. KM involves cultivating a learning culture [4; p.63] and this concept of developing new forms of organizational structures and knowledge workers including some applications of the philosophy of KM, is widely applicable, particularly in the field of education. Modern management is people-oriented emphasizing the importance of their role (skills, knowledge and commitment) in modern organizations. The function of human resources management becomes strategically important when providing organizational purpose in the highly competitive environment [5]. In that context, the managing of high education organizations means understanding the complexity of the environment, investing in capable people, developing research capacity through concept of knowledge management and increasing the competitive advantage from stakeholders perspective.

Purpose of this paper is to enhance the possibility of understanding the connection between organization and environment in the context of stakeholders determination. [The paper is written mainly based on the literature review as a source for identification of critical parameters for stakeholder analysis and its implementation to higher education sector. The results of the research demonstrate that the stakeholder analysis is a good starting point for improvement of modern HEI management. The paper uses literature as a basis in identifying critical parameters for stakeholder analysis and its implementation to higher education sector. The findings of the paper reveal that the concept of stakeholders is critical and difficult to implement everywhere and to everything](#)

TOWARD KNOWLEDGE SOCIETY

In view of the fact that the management is becoming increasingly aware of the role of education and development, it is obvious that the importance and meaning of modern high educational organizations are changing along with the importance of education in general [6]. Individuals, organizations, and entire economies are finding knowledge and investing in education to be a unique opportunity for developing personal, organizational, economic capabilities and potentials in achieving competitive advantage [7]. The process of transformation of economy and society in the era of knowledge is inevitably tied to the entire education system, especially to high education organizations. Consequently, a stakeholder analysis could be one of the successful tools when planning and managing such type of organizations in a highly changing environment. A dramatic shift of social, technological and economic values arriving in 21st century is transforming organizations through long life learning model [4]. Figure 1 shows that the levels of economy, organization and individuals get the dimension of knowledge philosophy. These changes are also mirrored in the field of education, and are especially true for high education organizations involving business perspective of thinking and operating.

The role of knowledge and education in the knowledge society is not the same as it was some time ago. It is dramatically changed, and it will continue to change in the years to come.

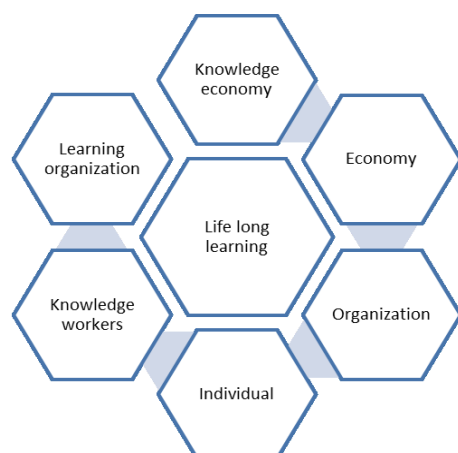


Figure 1. Concept of life long learning and learning organization.

Education is a key factor of progress, and investments in education are crucial for “knowledge economy” when referring to people and organizations, well-organized and innovative education system ensures overall economic growth [8]. All developed economies consider this learning potentials important for national development.

Education is a part of public sector. Its orientation is towards nonprofit goals, and its primary focus is social in providing education for all citizens at certain levels. Education institutions belong to nonprofit organizations, and are oriented towards society not market, being “servants to citizens”. Finally, their results are social, unmeasurable and qualitative [9]. All this means that the theory of nonprofit management is applicable to managing high education institutions.

Firstly, these organizations must be aware of the distinction between profit and nonprofit sectors which is of particular importance when achieving the mission of managing nonprofit organizations. That is a specific starting point for understanding the concept of managing high educational organizations as specific nonprofit organizations described in Table 1.

THE ROLE OF HUMAN RESOURCES MANAGEMENT AT HEI

Human resource management (HRM) process involves the acquisition, retention and development of human resources, its basic dimensions are: (i) recruitment/selection, (ii) performance appraisal and (iii) training [10]. HRM is important for several reasons. First many studies have concluded that people are the most significant source of competitive advantage, second HRM is important part of organizational strategies and finally, the way organizations treat people has been found to significantly affect organizational performance [11]. In the age of human capital, human resource strategy means – a people centered approach which emphasizes the need to develop to their fullest potential all present and future employees [10].

Table 1. Differences between profit and nonprofit concept [9].

Dimension	Profit	Nonprofit
Starting point	Profit	General public good/service to the public or/and civil society
Arena	Market	Society
Focus	Consumer	Individual/citizen
Concept	Economic	Social
Results	Economic/measurable/ Quantitative	Social/unmeasurable/qualitative

People management, performance measurement and funding as well as social responsibility are some of the major problems common to all nonprofit organizations, including those in the public sector. The organizations in the area of education are in particular need of a good leadership, capable employees, good quality staff programs and work performance monitoring.

Globalization, demographic changes, IT revolution and Knowledge economy are drivers of contemporary changes determining the new knowledge society while simultaneously searching for new skills and knowledge [4]. The organizations that recognize knowledge workers as the most valuable resource and an important competitive advantage in the knowledge economy have a chance to survive. The practice of human resources management is about implementation of knowledge management respecting the knowledge workers. Knowledge workers use and create new knowledge, and with their skills, abilities and ideas they make significant contribution to success and development of a company [12].

Higher education institutions are undergoing a process of transformation [13]. Modern European University faces new challenges in modifying its conduct and activities, questioning the role of modern management and leaders, encouraging significant innovations and developing investment in employees. It is necessary to provide quality concerns for students' and stakeholders' satisfaction and enable cooperation between Faculties and community ensuring the social benefit.

The final results are learning outcomes – new values, customer satisfaction and rich and balanced society [14]. Learning organizations emphasize the importance of human capital as a part of the intellectual capital referring to skills, knowledge, abilities, organization commitment and potentials for innovation, in other words, its creativity. Learning is key if organizations are to survive, compete and manage their surroundings [15].

Human Resources Management is the central part in management process relating to recruitment, training and development of people contributing to the development of organizational strength. It is up to managers to find the best people, motivate them and let them do the work in their own way. The management plays an important role in human resources management. It is responsible for successful encouragement of people in developing their potential and directing them to specific destinations, but also monitoring and rewarding their work and providing a stimulating and healthy working environment [5]. Some of the most important subfunctions of HRM, that are vital for organization, are shown in Figure 2 [4].

Good HRM practices refer to philosophy that shows the real interest in all the people within an organization that treats its employees as the only living organizational element. Further, there is a developed program of training, development and monitoring of people and good reward programs in such organizations [16]. A successful organization has the management dedicated to giving support to the people and the concept of knowledge management, the one that develops and encourages the participation of employees [1]. If we apply the paradigm of HRM to the Faculty we can see that it is possible to construct a model of learning organization with respect to the principles of knowledge management, as shown in Table 2.

THE PERSPECTIVE OF STAKEHOLDERS ANALYSIS IN HEI

Universities everywhere are being forced to carefully reconsider their role in the society and to evaluate the relationships with their various constitutions, stakeholder, communities. Modern European University is faced with new challenges. Improving the quality of the European society of knowledge generates certain expectations from European universities that need to fulfill the three key dimensions of essential university mission [17]: (i) Teaching and Education, (ii) Research and Innovation, and (iii) Knowledge transfer and community service.

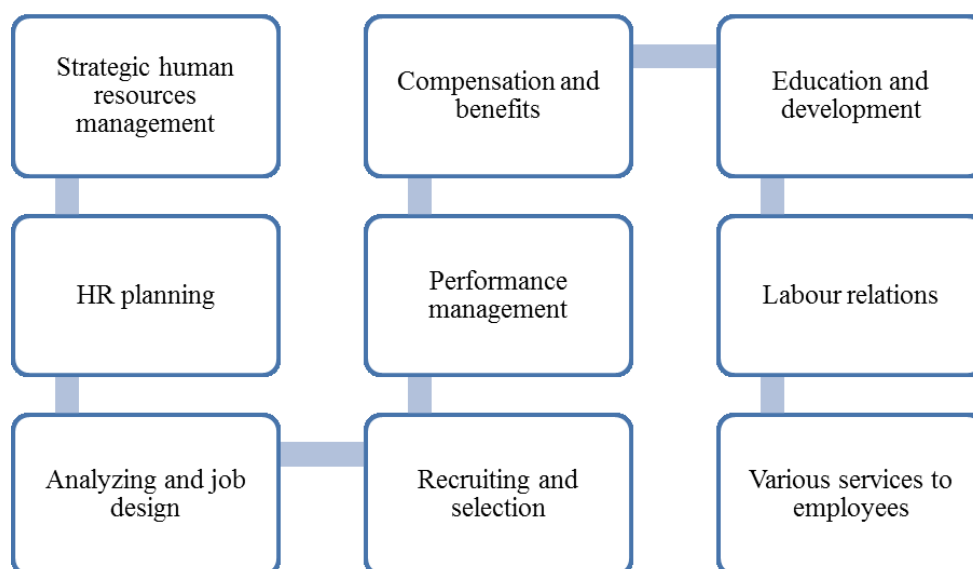


Figure 2. HRM activities [5].

Table 2. Implementation of HRM to a Faculty [5].

A successful organization	The Faculty as the learning organization
The real interest for the people. Employees are the only living organizational element, and the most valuable asset.	Interest for employees (professors, assistants and other staff) People are the most important resource Bearers of knowledge – a true competitive advantage.
Good training, development, monitoring and the opportunity for advancement.	Enables development, international experience, education and development of evaluation and provides conditions for promotion.
Good reward programmes.	Provides a system of promotion and career development, and allows the system criteria of excellence.
Being able to retain the best employees.	In the higher education system extracts and retains the best professionals.
Management is dedicated to giving support to the people.	Management recognizes people as true creators of knowledge, innovation and valuable organizational resources. Management supports the philosophy of knowledge management.
Develop and encourage the participation of employees.	Supports participating leadership style and the concept of knowledge management.

The essential purpose of University is teaching and education, but also research and innovation. The third part of the mission covers the knowledge management, the cooperation between sectors and questions the role and the position of knowledge and high education organization in the contemporary, turbulent times. The HEI mission was expanded to stretch beyond teaching and research to include services to the community requiring partnerships be established.

The stakeholder perspective is questioning organization in the light of its environment, finding the best way in successfully managing opportunities in and out of organizations and recognizing all the participants included in the process of organizational activities [18]. The first step is trying to identify the key stakeholders, their goals and expectations. The second

step is trying to fulfill their goals to their utmost satisfaction concurrently accomplishing the organizational mission.

Stakeholders are any group or an individual who can affect or is affected by the achievement of the organization objectives [7] any constituencies in the organization's external environment that are affected by the organisation's decisions and actions [11]. The main groups of stakeholders: are: customers, employees, local communities, suppliers and distributors, shareholders [19]. Stakeholder analysis can be used to generate knowledge about relevant actors so as to understand their behavior, intentions, interrelations, agendas, interests and the influence or recourses they have [20].

The stakeholder theory illustrated for the University analyzes twelve categories of stakeholders and describe them as constitutive groups, communities, stakeholders and clients, as shown in Table 3.

Table 3 presents various groups of stakeholders applied to high education institutions, and indicates a different pressure, influences reflected through actions, policies and the behaviour of each groups. Applying stakeholder analysis to University of Zagreb could be the first step in comprehension and conceptualization of stakeholder theory and its implementation on the high education institutions. Table 4 presents' primary and secondary stakeholders and explains their outcomes. The basic groups that provide performance of the core mission are: Government, Ministry of Science and Education, National Agency and Society. Other groups: students, employees, competition and other faculties are forming specific relations, have various demands, interests and build networks that need strong management and interactions among all sectors. This stakeholder analysis is the result of theoretical reflections and given the example of the one HEI.

Table 4 is a simplified framework for understanding stakeholder analysis applied to higher education. It presents key stakeholders and their implications. The next step must be further positioning of other relations that include groups' interconnections.

It is necessary to develop this model reviewing the third mission of universities that refers to engaging in interactions with industrial and regional partners, prevents mission overload and

Table 3. Stakeholder categories and constitutive groups [17].

Stakeholder category	Constitutive groups, communities, stakeholders, clients, etc.
Government entities	State & federal government; governing board, board of trustees, buffer organisations; sponsoring religious organizations
Administrattion	President (vice chancellor); senior administrators
Employees	Faculty; administrative staff; support staff
Clientele	Students, parents, service partners, employees
Suppliers	Secondary education providers; alumni; other colleges and universities; food purveyors
Competitors	Direct: private and public providers of post-secondary education Potential: distance providers; new ventures. Substitutes: employer-sponsored training programmes
Donors	Individuals
Communities	Neighbours; school systems, social services
Government regulators	Ministry of education, buffer organizations; state and federal financial agencies
Non-governmental regulators	Foundations; institutional and programmatic accrediting bodies; professional associations
Financial intermediaries	Banks; fund managers; analysts

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Joint venture	Alliances & consortia; corporate
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Table 4. One example of stakeholder analysis of the HEI.

Identification of stakeholders/users	Primary	Secondary	Outcome
Government	✓		The financial support of the national strategy
Ministry of Science and Education	✓		The financial support of the national strategy
The Education and Teacher Training Agency		✓	Evaluation and monitoring of the criteria for excellence
Faculties	✓		High level of knowledge is required
Students		✓	Satisfaction with study conditions, the level of required knowledge
Employees		✓	Satisfaction with working conditions, commitment
Competitors		✓	Knowledge transfer, collaboration Fair Competition
Society	✓		A balanced society Transfer of knowledge

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questions the issues of governance, social responsibilities and research agenda along the lines of the model of entrepreneurial dynamism of higher education institutions [17].

DISCUSSION

The world is changing day by day, becoming smaller and more closely linked in many different ways. The role of education is a transformation of society and technological trends by redefinition of values and concept of knowledge. The education is becoming more

informal through modern technologies of the Internet and various social networks while formal education system takes new forms and structures using and applying models from business sector. Knowledge management finds people the most valuable asset in organization, and develops programmes for constant learning on individual, organizational and global levels. The key part of every management process (applied to high education organizations) is investing in people and providing successful HRM practice. Finally, managing organization in time of changes means being aware of the significance of setting the mission, finding resources (people, money, knowledge) and finally meriting outcomes. High education institutions are being dramatically transformed. They need to understand the power of change and the aspiration toward concept of knowledge management. Stakeholder analysis helps to realize who the key stakeholders are and what they want. The second phase is attempting to accomplish organizational goals and respect different stakeholders' requests providing organizational mission in the best possible way.

CONCLUSIONS

The paper shows the complexity of problems in managing higher educational organizations in context of dynamics and its relation to the environment. Organizations in field of higher education also need to build a quality management system that respects the philosophy of Knowledge management, and they have to deal with problems of Human Resource management in relation to appearance and development of knowledge workers. Furthermore, the modality of stakeholders indicates the diversity and multidimensional environment that defines and determines a modern organization. By organizing the model of lifelong learning

and respecting the learning organization criteria we should be able to build organizations highly representative in our competitive era.

In recent years, the application of stakeholders analysis tool has become widespread. Therefore, the higher education institutions has started using it too, in order to improve their field of work. There are numerous researches on this subject, see e.g. [1, 13, 17].

Education sector is in the proces of tranformation in Croatia, while entrepreneurial approach for the management of universities is desirable [16], and at the same time stakeholder analysis as business techniques allows significant improvement in education system in theoretical and practical implications [21].

There are various options of stakeholders analysis applications in all areas, including education, higher education in particular, which is under continuous pressure of changes and demands to follow the global trends of technology innovations. At the same time, it is expected to promptly respond to demands of market and competition. Universities are, inherently, learning organizations familiar with the concept of lifelong learning and Knowledge management, so they value the perspective of changes and the adoption of environment observation from the stakeholders point of view.

This paper has tried to correlate the research of the stakeholder analysis application at universities and the role of knowledge workers along with the human resources potential. The ultimate goal is the building a model of learning organizations – organizations that have developed the capacity to learn, adapt and change continuously [18], as a result of all the changes within the society. The article is merely attempting to indicate the value of knowledge, human potentials and the need for instilling the concept of stakeholder analysis in higher education institutions.

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The world is changing daily, forcing the concept of knowledge and technology to become the key factor of modelling organizations and the entire society. Higher education institutions are changing and are in need of entrepreneurial style of leadership. They have to be capable of daily transforming and reacting to change, at the same time remaining true to their main mission, as well as being professionally and socially responsible. Since universities are the professionally managed institutions, carrying strategic weight in society development, this area of research is yet to witness defining new moments.

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STAKEHOLDER-ANALIZA INSTITUCIJA VISOKOG OBRAZOVANJA

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SAŽETAK

Posljednjih godina, znanje, ljudski kapital, te učeće organizacije su postali ključne odrednice globalnog napretka. Visoko obrazovanje je suočeno s globalizacijom i jakom konkurencijom. Dakle, postoji potreba za profesionalnim upravljačkim strukturama i poduzetničkim stilom vodstva. Suvremene organizacije su podložne konceptu cjeloživotnog učenja, dok je upravljanje znanjem postalo vodeća tehnika u izgradnji konkurentne prednosti. Organizacije u sustavu visokog obrazovanja su pritisnute konkurencijom što zahtijeva stalno unaprjeđenje poslovanja, što prati naglašena potreba za mjerenjem ishoda i izgradnjom izvrsnosti. Paradigma *stakeholder* može se primijeniti na redefinjiranje i poboljšanje poslovanja visokoobrazovnih institucija što može biti dobar način za razumijevanje i predviđanje interesa, potreba i zahtjeva svih ključnih igrača u okruženju visokog obrazovanja. Svrha ovog rada je utvrditi mogućnost razumijevanja veza između visokoobrazovnih organizacija i njegove okoline u kontekstu analize *stakeholder*. Ovaj rad kreće od identificiranja kritičnih parametara odnosno teorije analize *stakeholder* i moguće primjene u domeni visokog obrazovanja. Nalazi ovog rada pokazuju da je zadani koncept teško provoditi te da zahtijeva dobru pripremu i razumijevanje svih interesno-utjecajnih skupina. Naravno to se osobito odnosi na one organizacije koje stvaraju i potiču razvoj znanja i učenja što dalje podrazumijeva poticanje i razvijanje svih sudionika i predviđanja njihovih interesa i zahtjeva u suvremenom promjenjivom okruženju.

KLJUČNE RIJEČI

institucije visokog obrazovanja, *stakeholder*-analiza, upravljanje znanjem