

Universities: Facing Change and Competition

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Abstract—The growing importance of international competition is well recognized both in the business and academic environment. This article's aim is to discuss the issue of how universities must learn to compete, given that national institutional context and everchanging environment facing many and different challenges. This means that, in some ways, the university has a central place and becomes more integrated into state's economic activities and companies, than they were before. In the knowledge society, the university's mission is to create, develop and transfer knowledge capital in order to obtain valuable asset status in the modern economy. Therefore, universities face continuous challenges due to globalization and internationalization of education, learning and research, and must satisfy higher quality demands, 'measurable' outcomes, and explicit economic benefits. Facing competition from other knowledge-providers, universities must change their identity from that of state-financed monopolies to self-financed participants in the knowledge - providing markets.

Index Terms—Change, competition, knowledge, university.

I. INTRODUCTION

As a result of current transformations and society development, higher education has changed a lot recently. These transformations have advantages, and we can mention the easy access to information, the freedom of speaking, better ways to communicate, modern teaching techniques based on a student as a core element in the teaching process.

The modern world is facing a rapid evolution of science and technology, with deep implications on the teaching methods. It is also necessary to face these challenges, to find new technologies in order to guarantee both the knowledge providers – the teachers, and knowledge beneficiaries – the students, to find the appropriate ways to solve different problems and to develop capabilities which enable integration of values.

The new system includes concepts such as content management, knowledge management, performance support, production practice and virtual cooperation.

II. CHANGE, THE ONLY CONSTANT OF TODAY'S SOCIETY

Universities are becoming more integrated into nations and firm's economic activities than they were previously. Because of the content and rapid changes, we have to recognize the key role and the importance of knowledge in creating added value. Universities' mission is to create, develop, renew and transfer knowledge, becoming in this way more of

a core organization to society, focusing on critical observing of problems.

Universities also face significant economic and political challenges due to on-going internationalization of research and education as well as demands on higher quality, 'measurable' outcomes, and explicit economic benefits. However, universities now face clear demands of producing immediately useful knowledge to students, businesses and society.

The pressures on the university to quickly respond to societal and industrial demands have thus been more forcefully articulated in recent years.

If these organizations wish to retain the traditional values of scholarship, they will need to do so, in parallel with understanding – and changing – their selection environment in the future.

III. WHAT IS COMPETITION

From a dynamic perspective, competition is the process in which actors (individuals, firms or other organisations) act to improve their access to scarce resources that can fulfil their wants or needs. Access can refer to the existence of a resource as well as to the ability of an actor to get hold or create such a resource. Core to competition is that it is not enough to do something but to do it so effectively or efficiently compared to its competitors that it can 'afford' to continue to operate. In part explained by external events competition is dynamic and is never at rest.

Just as important are the endogenous processes of consumption, production, institutional changes, and innovations. In any actor system, the actions of one affect actions of others [1]

Such ongoing processes internal to any economic system create uncertainty in terms of what the scarce resources are, and consequently what actors compete over and how they compete [2]

Thus, time, perception and actions must be an explicit element of the conceptualization of competition [3]. To compete means that an actor undertakes actions to advance its situation under uncertainty but where these actions themselves create uncertainty. Consumption and production affect scarce resources differentially as these processes transform, destroy or even increase the availability of resources. Innovation and institutional changes affect the scarcity of resources as they hinder or steer consumption and production towards some but not other resources.

Innovation affects the range of offerings that are made to customers but also how these offerings are created and distributed.

Manuscript received March 31, 2013; revised June 1, 2013.

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IV. COMPETITION IN THE UNIVERSITY SECTOR

In one of its works, Park D. [4] points out that competition is a pivotal concept in economics, so different interpretations of the concept are worth detailing here. Students ‘learn of perfect competition as a particular market structure that consists of a large number of perfectly knowledgeable buyers and sellers who are individually too small to affect the market price and who engage in the exchange of a homogeneous good’ This simple view on perfect competition is sometimes associated with negative connotations such as struggle, rivalry and extinction of socially productive actors, values and behaviour.

This simple text-book mode of describing perfect competition has been developed and made more realistic by incorporating a much more sophisticated description on how various actors economize on information [5].

Higher educational sector is very regulated and dependent upon government financing. Clearly, in the past, many European national governments allocated financing in a non-competitive manner, but this is changing [6].

Traditionally, governments provided fixed funding and budgets, based on allocations from previous years. However, public policy in Europe is increasingly moving towards internal competitive mechanisms to allocate financial resources to education and research. Public funding is given, based on metrics for outcome goals such as publications to measure research excellence, number of active professors per student to measure the science in teaching, and number of PhD degrees granted to measure higher-level training. These types of funding schemes introduce more competitive and outcome related selection environment, in the sense that organizations change their organizational and incentive structure to realize those performance measures. Our interpretation of these trends suggests that European government funding is increasingly based on a type of competition, and universities will have differential positions, where rankings and performance measures will affect resource allocation. Rationales for changing these mechanisms may differ, such as to raise quality and to diffuse education to groups normally not taking advanced degrees. This implies that the government no longer just hands out financial resources, where future budgets will simply reflect previous years. Instead, the universities increasingly have to demonstrate results, as an outcome of the financial resources which society invests. Education clearly is – or is becoming – a knowledge-based service, for sale at a price. Countries differ in how far education has become a knowledge-based service as opposed to a public good.

This is not surprising as research shows that the transformation from a national, social institution to a market actor takes time regardless of sector. Hence, the starting point for this article is that the European universities are trying to survive –and change – due to internal factors and pressures as well as external ones in on-going processes of transformation. To understand that, we need to analyze emergent strategies and competition, the impact of national context and global trends, as well as rethink ‘accepted wisdom’ about the roles and mechanisms available for universities to compete. Actors must position themselves, and chose to learn, react or exit niches.

By this idea of ‘transformation from a social institution to a knowledge business’, we wish to capture the notion that universities are increasingly competing against each other, as places where knowledge is reproduced, transferred, developed and applied to specific problems.

Universities are in the knowledge business. Therefore, universities must compete for financial and intellectual resources to cover costs for students and staff, and in an increasingly performance-driven European context. They must also compete in the provision of intangible service outputs like quality of education, research impact, and societal relevance. This implies that we need further conceptual understanding of scarce resources, uncertainty, and the necessity of using competencies and resources in order to deliver knowledge-based services through core organizational activities. How they do so is another matter, since acting like a firm may not be the answer. Indeed, it is plausible that later research might find that the traditional values, missions and organizational forms of the research universities enabled them to ‘compete’ in the way defined here, under specific historical institutions. Still, what we need to better understand is what the modern competition and competitive regimes may mean for the future of European universities.

In the ‘knowledge society’ knowledge should be the most important asset for economic competitiveness, especially for firms and other organizations. Universities can provide knowledge-intensive services because someone is willing to pay for them, through public or private funding, and so, universities interact with society towards different types of ‘customers’, stakeholders or others whom are willing to pay and consume these intangible services. (Table I)

TABLE I: UNIVERSITY SERVICES AND BENEFICIARIES: BENEFIT TO DIFFERENT TYPES OF CUSTOMERS

Type of knowledge-intensive service	Students	Firms	Government
<i>Education</i>	Training to create skills and knowledge	<ul style="list-style-type: none"> - Creation of competent employees - Alleviation of scarce human capital 	<ul style="list-style-type: none"> - Alleviation scarce human capital - Creation of societal capabilities
<i>Research</i>	Better ‘proven’ knowledge	<ul style="list-style-type: none"> - New or proven knowledge - Business opportunities 	<ul style="list-style-type: none"> - Trained professionals - New Knowledge
<i>Third mission</i>	<ul style="list-style-type: none"> - Firms, business and societal connections - Entrepreneurial opportunities 	<ul style="list-style-type: none"> - Access to specific problem-solving skills - Mentoring - Diffusion of scarce knowledge 	<ul style="list-style-type: none"> - New firms - Diffusion of scarce knowledge about societal problems - Identification, analysis of the nature of societal problems

V. CONCLUSION

Clearly, there are differences in that students are directly interested in the skills, knowledge and aptitudes they acquire while firms and government are more concerned with the

general increase and dissemination of useful knowledge via supply of skilled graduates and researchers. The provision of knowledge-intensive services may be interlinked across customers and services. The interests of firms are more specific than governments, so that firms demand competent employees, while governments are more concerned about creation of socially useful capabilities.

Research as such, is rarely directly useful to students but it can have many indirect effects, especially by making education more up-to-date.

We think that smaller colleges and regional universities must realistically assess the competitive environment, and identify advantages that will drive growth.

This might mean more cooperation with other colleges and universities in articulation, educational programs, and operations.

Many universities will go through senior leadership changes in the coming decade, but all should be thinking about their governance structures now and as a future study we believe that university leaders must evaluate governance structures to better respond to these convergent trends.

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