

## **THE STRATEGIC MANAGEMENT TOOLS AND THEIR RELATION TO COMPETITIVENESS IN HIGHER EDUCATION**

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**Keywords:** higher education, competitiveness, strategic management,

**Abstract:** The University of Debrecen, similarly to other institutions of higher education, has to perform its tasks under continuously changing external and internal conditions. Although external economic and demographic conditions are likely to be unfavorable in the coming period, the institution has to establish the potentials of a new pathway of development, or else it will lag behind in the fierce competition of higher education. We can maintain our competitiveness if the University enhances its quality insurance system in compliance with new challenges, so that more and more of our graduates can work successfully in regional, national or international labor markets.

The study presents those strategy creation and planning tools, which helps the higher education institutions to improve their competitiveness.

### **ORGANIZATIONAL CULTURE AND COMPETITIVENESS**

To understand the higher education institutional competitiveness we have to assume the organizational (company's) organizational culture and organizational competitiveness. To define the competitiveness as a function means no less than the survival of the organization.

Schein (1989) defines organizational culture as it is nothing more than "the basic assumptions, models for which the organization's external and internal problems in learning and that worked well enough to accept them as valid and workable for similar problems."

The functionalist perspective outlined by Schein argues that the survival of any organization has to solve two basic problems:

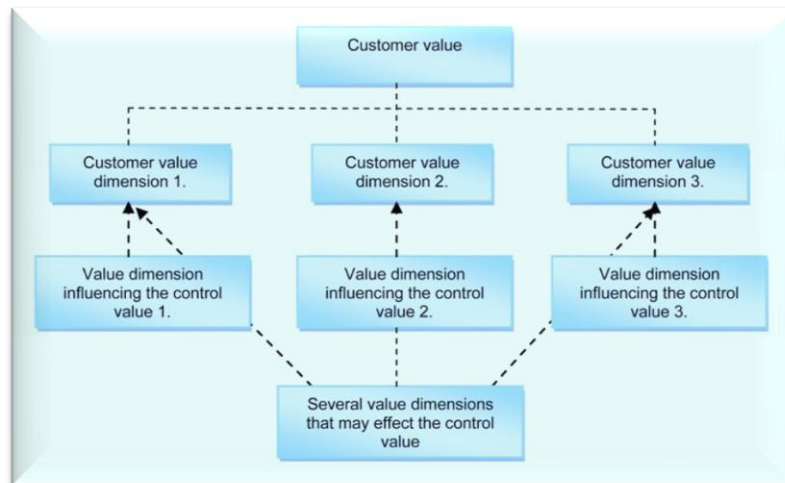
- survival and adaptation to the external environment;
- integration of the internal capacity to ensure that capacity which is necessary for the survival and for the adaptation.

The organizational culture is the product of the group's collective learning and problem-solving processes, which is performed in order to survive.

The organization's adaptation ability to environmental and internal changes allows long-term functionality, which is the organization's competitiveness. (Chikan, 2001). The concept of organizational competitiveness, as a kind of survival skill will be in which organizations continually seek to external and internal environments, utilizing, aligning operations to ensure the long term. This is the survivability of the organization (institutional) operating one of the most complex phenomena.

By Chikán and Gelei (2006) competitiveness depends on two factors. On the one hand to determine how the organization can provide the necessary customer value, which requires that the organization can identify the customer's dimensions of value?

Relation between the customer value and dimension of values, is presented in Figure 1.



**Figure 1: Relation between notions- customer value, dimension of values and control value**  
(source: Chikán – Gelei, 2006.)

The customer value is the subjective opinion of the customers (stakeholders), about how to package the service met expectations (Parasuraman et al., 1985). The customer value split into components the dimensions of customer value, which indicate that, the service package, what are the important dimensions, which contribute greatly to the growth of customer value (Walters, 2002). It is also necessary to determine the individual value dimensions to provide the essential skills - this kind of resources and skills are - required to build. The customer value and the core competencies needed to ensure continuous coordination can only be based on long-term competitiveness of the organization

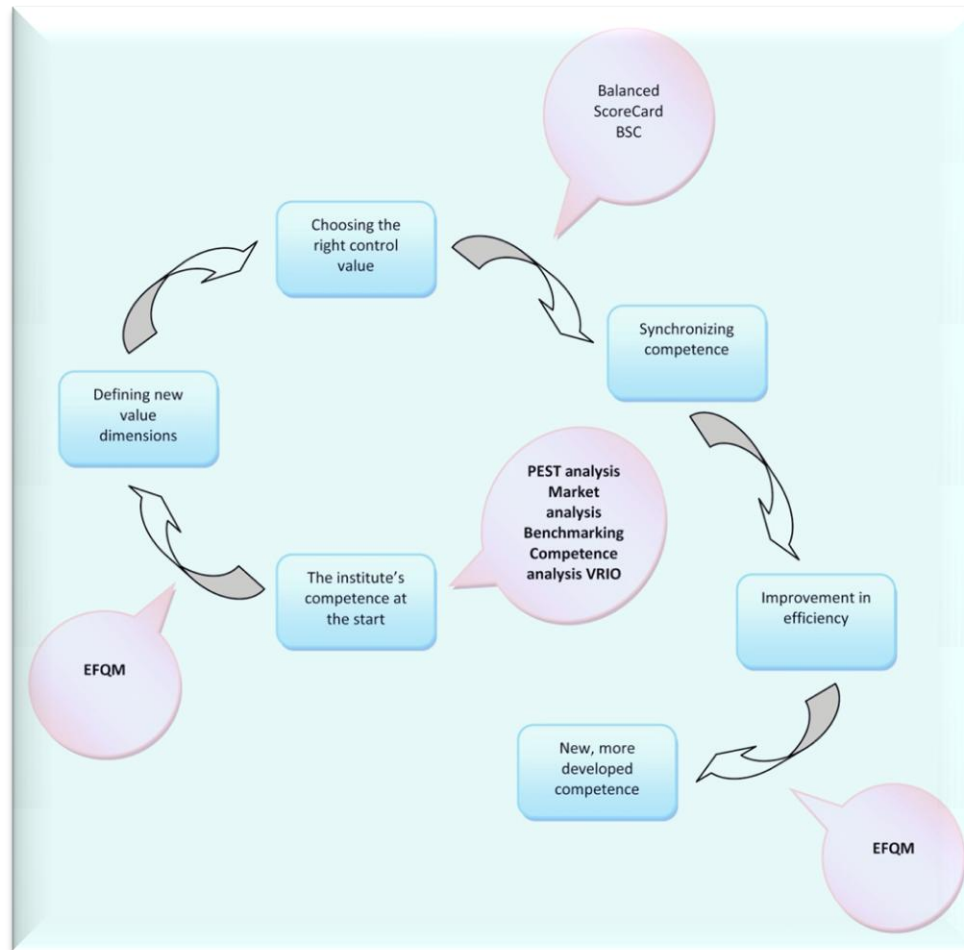
The organizational competitiveness is essential to recognize the organization's most important customers of the value dimensions, and providing those resources, capabilities and competencies which will make them able to provide. The management have to be able to determine the important customer value dimensions in which value controls, so it could be influenced with operational performance indicators and also needs to know that ,how the chosen value controls (resources and capabilities in what combination) can be developed.

**Table 1: Component of the organizational competitiveness in higher education**

Organizational competences		Customer value
Financial resources	Financial stability Project results	Customer satisfaction the customer opinion about the given supply
Material resources	The infrastructure of the institutions (building, laboratories, tools, etc) Information systems, databases	
Technological resources	Quality management system VIR-DPR system Patents	
Market position	Fame and popularity Social effect International relations	
Organization competencies	Training portfolio Organizational stability Ability to innovation Research activity supported by organizational structure	Determination of the value dimensions that contribute to customer value growth.
Human resources	Employee commitment Organizational culture- the rate of individualism/collectivism Professional competencies	

The two columns of competitiveness - the customer value and the institutional competence - phasing process represent the so-called competitiveness spiral. In Figure 2

the competitiveness spiral has been completed, with those strategy developments, strategic planning design tools, which are assigned to specific steps to contribute to the institutional competitiveness.



**Figure 2: Relation between competitiveness spiral and strategic planning tools**  
 (source: Chikán – Gelei, 2006 – transformation)

## PEST ANALYSIS

PEST, as an analysis framework of macro-environmental factors, is also referred to as, STEP (Clulow, 2005), SEPT (Narayanan and Fahey, 1994: 199-202), or STEEP (Voros, 2001). The constituents of PEST can be considered as macro-environmental factors and its usefulness lies in the assumption that the success of a particular organization or management solution cannot be understood without having the information relevant to the specific business environment (Buchanan and Gibb, 1998). Business environment could be defined as all relevant physical and social factors outside an organization that are considered into decision-making process.

## MARKET ANALYSIS

Due to extensive work of the higher education institutions in all cases should be defined activities and operational purposes for which the institutions could consider as a market area. The higher education market analysis and assessment of the current situation should serve as a starting point to highlight the strategic goals. The definition of

market size and market share analysis of the universities can get a realistic picture about their activities; improve their services in what direction to enhance their competitiveness. The market analysis, consist from the following steps:

- Identification of the market;
- Size analysis of the market:
  - o Number of currently trained students
  - o Number of applicants
  - o Number of the annual graduated students
  - o The unite of the normative support
  - o Employment opportunities
  - o How the admission did quotes set?
  - o How many institutions have been on the market?, etc.
- Market share analysis

### **BENCHMARKING**

Benchmarking does not mean copying. Quality guru W. Edwards Deming teaches "Adapt, don't adopt." Your university is not exactly like any other, but discovering which processes your institute must excel at will increase your awareness of how much there is to learn from other universities.

Benchmarking is an ongoing, systematic process for measuring and comparing work processes of one organization to those of another to identify best practices. Higher education can gain much from this technique, as industry has. The method is objective, reduces resistance to change and can lead to dramatic innovation and rapid development.

### **COMPETENCE ANALYSIS (VRIO)**

The resource-based strategic approach (Resource Based View, RBV), a key point that the institution needs to identify the available resources and capabilities are those which dominate the long-term competitiveness.

The method highlights four characteristics of the resources and capabilities (Black-Boal, 1994):

- The resources must be valuable, it is necessary to examine if it creates values by allowing resources for environmental threats or changes
- The resources must be rare , due to this aspect we should examine the number of competing organizations are already in possession of some valuable resources and capabilities
- It is important that the resource imitation be costly. It is worth to analyze whether those institutions that do not have any resources, they want to acquire skills.
- An important feature of the resources is the organizational fitting, if the institution' organizational and management system allows the maximum utilization of the resources.

According to the VRIO model - named by the four essential initials - those resources and capabilities play a key role in the success of the organization in terms of which each of the four essential characteristic are true parallel.

## **EFQM MODEL**

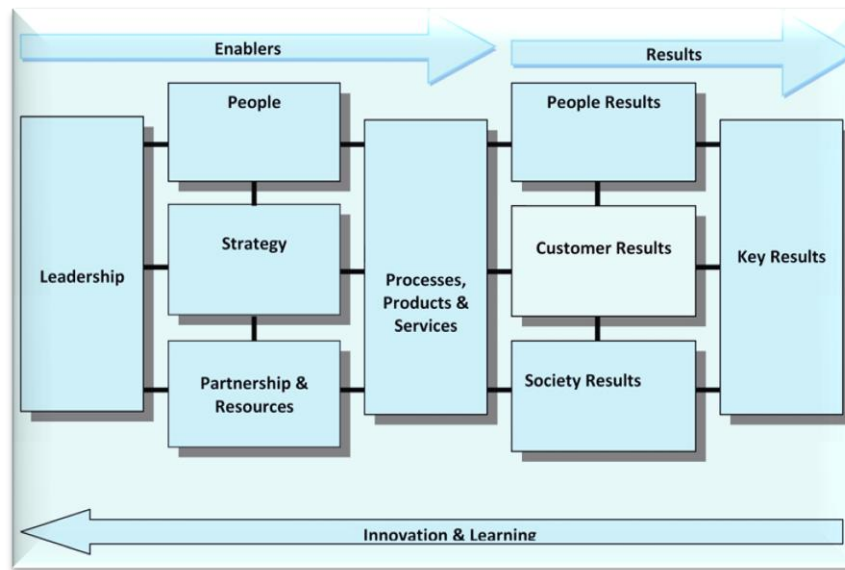
The EFQM Excellence Model is a non-prescriptive framework for organizational management systems, promoted by EFQM (formerly known as the European Foundation for Quality Management) and designed for helping organizations in their drive towards being more competitive. The Model is regularly reviewed and refined: the last update was published in 2010.

Established in 1992, the prize recognizes companies with excellent and sustainable results across all areas of the EFQM Excellence Model.

The European model, introduce two groups of criteria: enablers and results. The nine criteria cover every important factor of organizational being. The EFQM model gives a complex management concept.

Leadership, Strategy, People, Partnership & Resources and Processes and Products & Services are the enablers. People, Customer, Society and Key Results are the results. The content of the enablers are the following:

- Leadership: Excellent organizations have leaders who shape the future and make it happen, acting as role models for its values and ethics and inspiring trust at all times. They are flexible, enabling the organization to anticipate and react in a timely manner to ensure organization to anticipate and react in a timely manner to ensure the ongoing success of the organization.
- Strategy: Excellent organization implements their mission and vision by developing a stakeholder-focused strategy. Policies, plans, objectives and processes are developed and deployed to deliver objectives and processes are developed and deployed to deliver strategy.
- People: Excellent organizations value their people create a culture that allows the mutually beneficial achievement of organizational and personal goals. They develop the capabilities of their people and promote fairness and equality. They care for communicate, and promote fairness and equality. They care for communicate, reward and recognize, in a way that motivates people, builds commitment and enables them to use their skills and knowledge for the benefit of the organization.
- Partnership & Resources: Excellent organizations plan and manage external partnership, suppliers and internal resources in order to support strategy and policies and the effective operation of processes.
- Processes, Products & Services: Excellent organizations design, manage and improve processes to generate increasing value for customers and other stakeholders.



**Figure 3 EFQM model**  
 (Source: [www.efqm.org](http://www.efqm.org))

## BALANCED SCORECARD

The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

The Balanced ScoreCard (**BSC**) gives a comprehensive frame for managers, which allows an organizational future vision and strategy coordinated performance – indicator. Most of the organizations draw their mission, which communicates the base values for their employees. This mission includes the key concepts and identifies the goals and main products. (Robert S. Kaplan - David P. Norton, 2004).

Balanced ScoreCard: Strategic planning methods, based on indicators.

Objective: The application of measure returns.

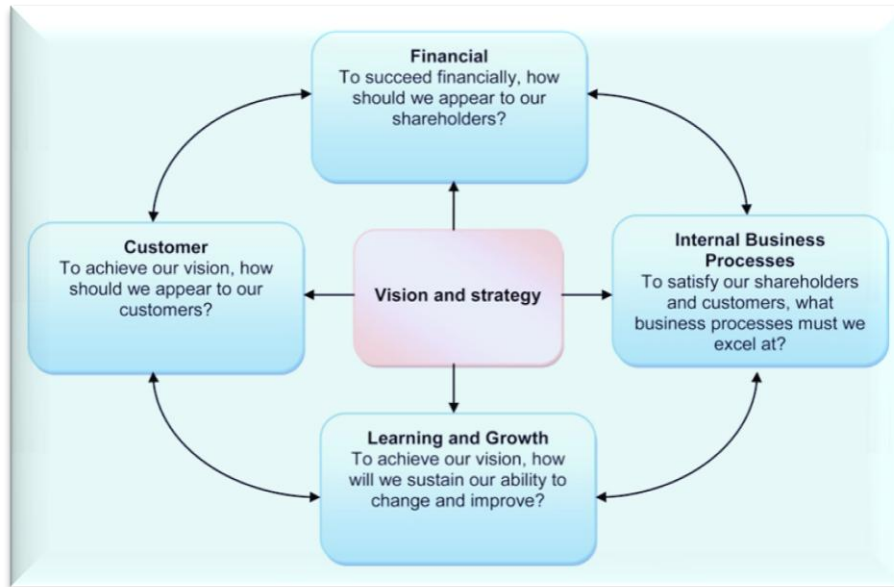
Application: Process Control and sense-making task that can be localized by means of internal communication and education to.

### *The role of Balanced ScoreCard:*

- helps clarifying the vision and the strategy, and to develop as an arrangement
- a BSC is a strategic business management and performance measurement system which,
- links the strategic goals and indicators and helps them communicated , shows a concrete strategy to the employees.
- Improve the incentive system, creating an objective opportunity for the company's management to measure the performance
- control opportunity for those who makes the measures
- it is integrated to the organization's quality management system- it can be connected with the EFQM model and with the ISO 9001:2008 quality management system, and could be followed the achieving of business excellence

The Balanced ScoreCard divided the strategy into goals and indicators, and sort in four point of view. The four dimensions are: financial accomplishment, the customers, operational process, learning and growth, which is presented in Figure 4.





**Figure 4 Balanced ScoreCard point of view**  
(source: Robert S. Kaplan – David P. Norton, 2004)

## SUMMARY

Dr. Joseph M. Juran, probably the greatest pioneer in Quality matters, referred to the 20<sup>th</sup> century as the 'century of productivity' at the American Society for Quality Control (ASQC) on 24 May, 1994. He also predicted that the 21<sup>st</sup> century will be the 'century of quality'.

Eighteen years has passed since that statement and in the past couple of years, Hungarian institutions have undergone considerable changes. In order to be able to stay in the market and the necessity to become competitive required them to place the major emphasis on satisfying the needs of customers. The study sought answer for how the strategy management tools could help competitiveness.

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