THE EXTERNAL ENVIRONMENT OF THE HIGHER EDUCATION –PROVIDER OF RESOURCES AND BENEFICIARY OF RESULTS

MEDIUL EXTERN AL INVATAMANTULUI SUPERIOR – FURNIZOR DE RESURSE SI BENEFICIAR DE REZULTATE

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Abstract:*The vision on higher education organizations as open systems reveals the external environment as resources supplier for the higher education (inputs) and as beneficiary of the results (outputs).*
The external environment in continuous transformation is important for the higher education system and its managers in order to provide resources and to draw up strategies. The influences of the external environmental factors on higher education organizations and their managers must be taken into consideration in order to exploit the potential of the external environment by ensuring the success of the organization in the future.

Key words: *general external environment, competitive external environment, strategic groups, competitiveness.*

INTRODUCTION

Higher education organizations and their managers are presently working in an environment marked by the globalization and internationalization of the society and by the increasing interdependence between nations and cultures. The development of digital technologies and information is the globalization factor with the greatest impact on higher education worldwide.

Under these circumstances, success can be achieved by quick decisions and quality. The vision of Higher Education Organizations as open systems, with multidimensional interdependence between the size of the input and output, achieved through an extensive process of

transformation, reveal the external environment of higher education, on one hand as a provider of resources (inputs) and on the other hand as beneficiary of the results (outputs). The influence degree of the external environment on the higher education system is reflected in its activities and performances.

MATERIALS AND METHODS

The managers of higher education organizations need to learn to cope with the external environment in order to be able to seize the transformations taking place continuously.

Only like this, universities can adjust their educational offer depending on market requirements and can enhance the quality of education in order to obtain a *competitive advantage*.

The competitive advantage is important from the perspective of the globalization requirements. The managers of universities can not remain passive, enjoying their success at a time; they must always watch what is happening in other universities in the country and abroad.

The permanent observation of the environment and mutations that occur requires consideration of several factors.

Providing human, material, financial and information resources necessary for the functioning of universities in good conditions, can not be possible without taking into consideration the environmental factors.

In another order of idea, the development of the environmental factors influence the governance of the university, the decisions and actions to adapt to present and future opportunities of the environment.

The environment includes all external elements of the university, economic, technical, political, demographic, legal, etc., with influence on the university's mission and objectives.

Considering this as a starting point, the external environment of an organization of higher education includes the following elements:

- General external environment
- Competitive external environment
- Strategic groups[*].

[*] Bratianu, C,Paradigmele managementului universitar, Editura Economica, Bucuresti, 2002, page 116.

The general external environment includes potential forces that act on long-term, reflecting trends in society. This environment is important for strategic management of universities.

The general external environment consists of several components described below:

a.) The demographic compound, which includes all demographic elements with a direct or indirect influence over universities, such as: number, density and population structure, birth and death index, life expectancy, the tendency of population for growth or decrease, etc.

b**.) The economic compound** is materialized in the market mechanisms and financial and economic levers of the state. The academic mechanism is influenced by the requirements of the market (specialization, number of tuition, etc.). Adapting Universities to the market needs to determine a proper development of the educational marketing.

Also, universities should take into account the competitive mechanisms and the risks. Taking into account the risks generated by the environment allows the optimization of management strategies and effective policies, the orientation towards competitiveness and strengthening the position of the university on the academic market. Another influence that the state exerts on the university management through its financial and economic levers: the state budget, the education budget, the surplus or deficit, the inflation rate, the interest rates etc. The direct influence over universities is manifested by the allocations from the Government for maintenance and improvement of the educational infrastructure and to provide adequate salaries for teachers and researchers in higher education. Population's income level, determined by the level of the economic development, indirectly influences the universities.

c.) **The legal and political compound** of the general external environment is materialized in the national policies and strategies related to the educational system, to policies and strategies for students, to the attitudes towards the quality of work and life, to the attitude towards environment, the jobs dynamic, and to all general and specific legal regulations of higher education. We can include in this category the factors with direct or indirect influence over universities, such as: the national organizing strategy for higher education, the quality of the education, methods and techniques of the management provided by science.

d.) **The technical and technological compound** includes new information and communication technologies, technological transfer and application of knowledge generation, advanced laboratory equipment, nanotechnology development etc., which exerts an important influence on higher education system and its management.

Regarding the impact of new information technologies on future management, Peter F. Drucker said: "The real impact of the Information Revolution is just beginning to be felt. But not the information is the cause of this impact, neither the artificial intelligence, nor the effect of computers and calculation technology on decision making, of the establishment of policies or strategies, but another phenomenon that was almost not foreseen by anyone, that no one would have thought ten, fifteen years ago: **e-commerce**"[*].

Peter F. Drucker believes that the Internet will globally become the main mean of distribution of goods, services and jobs, causing profound changes in the economic systems, markets and categories of consumption, in the behavior of consumers, of the labor market and employment. Internet will play a very strong impact on education because online learning will allow an easy penetration into the faraway places.

e) **The socio-cultural compound** has influence over universities on new training requirements for human resources, training and culture level of the population, changes in mentality, aspirations, etc. The new achievements of science and culture determine periodic reconsidering of the content and value system used in higher education.

f.) **The international component** includes the policies of other countries around the world.

Romania's integration into European and Euro-Atlantic structures has different consequences for education. Knowing the common history of the European states and at least two foreign languages, assimilating the performance standards accepted by Europe and the U.S.A. are reform elements of the higher education in our country. International policies for a sustainable development of the society influence the higher education

[*] Drucker, P.F., Managementul viitorului/ The management of the future, Editura ASAB, Bucuresti, 2004, p.16

system on the **content and its quality, but also the mobility of students, teachers and researchers.** [*]

The content of the education in terms of globalization should promote civic education for global citizenship and ethics, to capitalize on the experiences of humanity and human solidarity through the variety of cultures worldwide.

The quality of the education in the framework of the globalization requires common educational standards for various professions, through ensuring quality learning programs recognized at transnational level. The mobility of students, teachers and researchers means new forms of internationalization of transnational higher education programs, franchising, location of diploma, co-guardianship, bilateral and multilateral cooperation in masters/MBAs and doctoral/PhDs programs, joint scientific research projects, etc.

Regarding the **competitive external environment**, we must consider the five forces identified by Porter M. acting on any kind organizations, causing competitive states.

Porter's five forces are[†]:

- The risk of new competitors entrance on the market, the threat that could come from them;
- The degree of rivalry among existing organizations in the competitive external environment;
- The bargaining power of buyers;
- The bargaining power of suppliers;
- The threat generated by the substitute products.

Porter's model can be adapted to the university's competitive environment, where every powerful force is seen as a **threat**, and any weak force is seen as an **opportunity**. The inclusion in the threats or opportunities category depends on the quality of university programs, the quality of scientific research, and the quality of teachers and researchers. Regarding the threat generated by new competitors entering the market, it represents an important force due to the fact that during the last years, besides the newly

[*] Korka, M., reforma invatamantului: de la optiuni strategice la actiune/The education reform: from strategic options to action, Editura Punct, Bucuresti, 2000, p.16

[†] Bratianu, C., paradigmele managementului universitar/University management paradigms, Editura Economica, Bucuresti, 2002, p.119

created universities, there were also introduced new specializations at the already existing universities. Introducing new specializations involves attracting students, teachers and financing resources; therefore it represents a threat for the existing specializations.

Porter's third force: the bargaining power of buyers refers to the beneficiaries of the universities. In a broad sense, the direct beneficiaries of the universities are the organizations that offer jobs in the labor market and in the narrow sense, the students. The labor market requirements influence the structure and content of the educational offer.

The fourth strength of Porter's model is the bargaining power of the suppliers. For higher education, the provider could be the pre-university education. Porter's fifth force is the threat represented by the substitute products, which are more difficult to identify. Various educational services of associations and foundations, which offer similar programs in terms of content, but inferior in quality, could be assimilated to this type of threat.

The thing that needs to be emphasized is that the society, as the main beneficiary of higher education services, has a great influence over universities, demanding quality services. Satisfying the consumers (students, labor market and society as a whole) with good quality services can lead to a competitive advantage. University managers who understand this and make efforts to achieve and maintain high quality standards will be successful.

Comparing the competitive environment of the universities with the environment of a business organization where the consumers are at the top of the "upside-down pyramid", we obtain the "upside-down pyramid" of the university, which is presented as in Figure 1.[*]

[*] Hanganu, S., Managementul si invatamantul superior in Romania/Management and higher education in Romania, Editura Universitatii Aurel Vlaicu, Arad, 2008, p.134

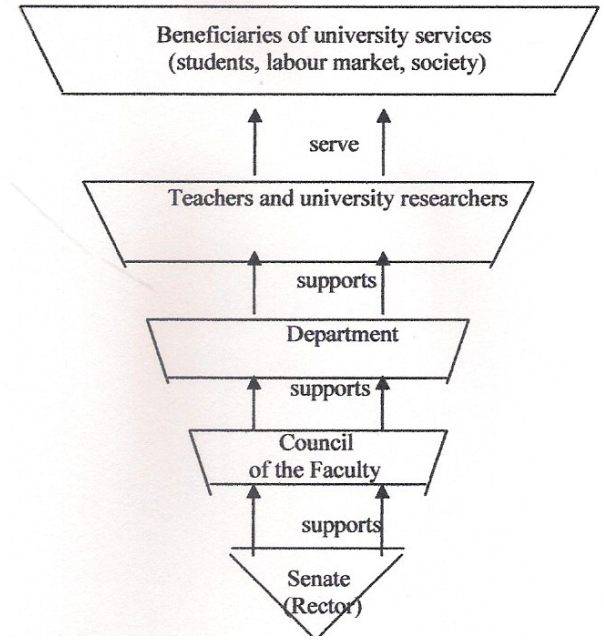


Fig.1. The "upside-down pyramid" of the university

CONCLUSIONS

The strategic groups are groups of organizations with common strategic interests.

In Romania there are two types of strategic groups of higher education, namely:

- The strategic group of state universities,
- The strategic group of private universities.

The two types of strategic groups differ in the financing mechanisms that causes a different approach of management in general and of strategic management in particular. Analyzing the external environment of higher education organizations, at some point, it appears that the most powerful forces are those of strategic groups, while those of the external environment are usually the weakest.[*]

[*] **BRATIANU, C.,** Paradigmele managementului universitar/University management paradigms, Ed. Economica, Bucuresti, 2002, p.117

Their analysis in time shows that the action of the existing forces in the external environment is very important.

In conclusion, the external environment has a special importance for a long period of time, with influences on the future of the organization; the competitive external environment affects the success of the organization and the strategic groups increase the competitiveness.

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