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## Development strategy of a university in the context of globalisation

**Annotation**

The article presents the analysis of the role of universities in the providing of the innovative development of the national economy. The exogenous and endogenous factors of the elaboration of a university's development strategy are systematized in the context of globalization and European integration.

**Keywords**

strategy, university, innovative development, academic mobility, globalisation, European integration

**1 Introduction**

Innovative development of higher education is a complex management problem. The implementation of innovative development requires taking into account the entire complex of factors of internal and external environment as well as the characteristics of their correlation. Improving the competitiveness of modern universities is possible only through the establishing of organisational-administrative and economic conditions to strengthen their innovative activities.

The integral features of the modern development of higher education are the following ones: the expansion of functions and areas of university activity, the diversification of the sources of funding, the intensification of the importance of international aspects of functioning and global challenges. The successful management of university activities in such difficult conditions requires an integrated approach and taking into account the complicated circumstances of the external environment, strengthening the economic potential of a university, improvement of the quality of human resource, raising the efficiency of scientific activity, commercialisation and transfer of its results.

**2 Review of the recent scientific research and publications**

The issues of the innovative development of universities, the management of the system as a whole and of individual universities are in the spotlight of the world and national science. The problems of the development of higher education in the modern social context are studied by V. Andrushhenko, L. Antonjuk, A. Asaul, A. Vifleemskij, O. Grishnova, I. Grishhenko, P. Druker, M. Zgurovs'kij, V. Inozemcev, I. Kalenjuk,

O. Kuklin, V. Novikov, V. Radchenko, D. Salmi, B. Santo, L. Fedulova, L. Cimbal, and other scientists.

**3 Formulation of the problem**

Despite the large number of publications, modern science does not provide the sufficient study of the issues of strategic development of universities in the context of the provision of innovative development of the entire education system. In each country the strategies of universities' innovative development are defined both by common features, which are set by the global logic of social development, and by the specific features of national historic, social and economic development. That is why the study of progressive international experience, the analysis of the entire complex of the internal and external factors of the development of universities are significant.

**4 Aim and objectives of the research**

The aim of this article is to define the conceptual framework for the elaboration of the development strategy of a university in the modern conditions of globalisation and European integration. This aim makes it essential to analyse the specific features of the internal and external restructuring of universities' functioning; to define the basic parameters of an effective strategy of a higher educational institution.

Scientific outcomes. The objectively justified requirement to ensure the competitiveness of the national economy is the need of its development on the basis of innovation. The majority of economists recognize the significance of education, including university education, for sustainable social and economic development of a nation [1, 4, 6, 7, 9, 12] in the conditions of the formation of

knowledge economy. The successful development of a higher educational institution requires the elaboration and implementation of flexible innovation strategy. The need for it is determined primarily by the unprecedented complexity of the external environment of the functioning of universities due to such processes as globalisation, computerization, increased migration, intense competition, and so forth.

Particular importance belongs to the national, state strategy of the development of the system of higher education in a country, which creates general conditions for the functioning of educational institutions and determines the main priorities of their development [7]. The aim of the state educational policy must be by the implementation of the education system as the key factor of the innovative development of the national economy. Achieving this aim is possible only on the basis of the activation of innovative activities of universities, gradual modernization of all the forms and directions of their activity, creating the conditions for active interaction between education, science and business, effective integration into the global educational and scientific space. The formation of the knowledge society in the world is accompanied by the active upgrade and increase of the volume of information

resources [7, 13]. Two aspects are important in this context. Firstly, this challenges universities to constantly update the curricula, programmes, teaching methodology in the conditions of students' free access to modern technologies of information dissemination. Secondly, university students must be ready to lifelong learning and to processing the vast amounts of general and professional information. Exactly universities should form the willingness of young people to lifelong learning [4, 7].

The acceleration of the integration and globalisation processes in the modern world fundamentally affects the education system: the global market of educational services if being formed, the competition is growing between the leading universities; the flows of international mobility are increasing. The intense competition is expressed in the emergence of numerous university rankings, where the results of universities' activities are evaluated and rigidly ranked.

In this situation the development of each educational institution cannot be spontaneous and on its own accord. A university's own innovative development strategy must become an integral part of its successful development. This strategy should be consistent with the national priorities and clearly focused on the actual capacities of an

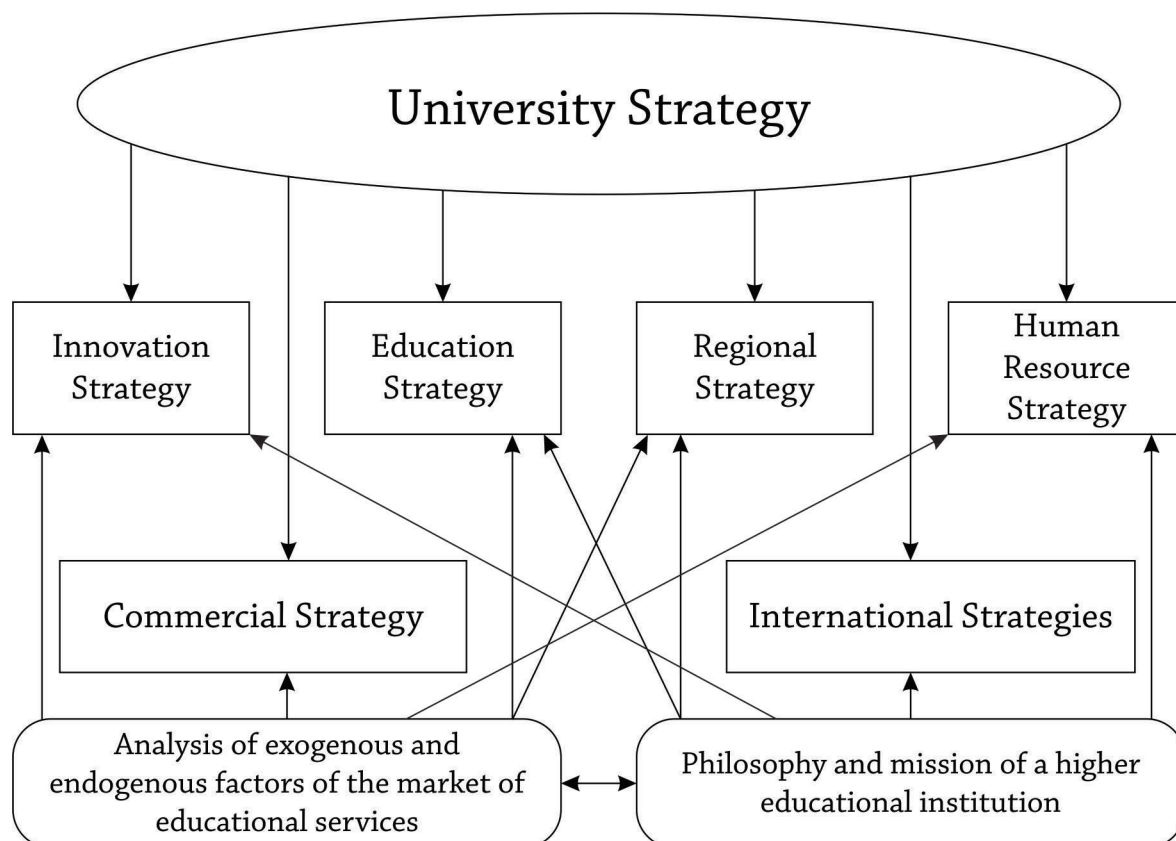


Figure 1 Strategy of a higher educational institution. Source: based on [2]

educational institution [7, 12, 13]. The reality of modern higher education is the substantial expansion of the functions of higher educational institutions (universities, institutes, business schools, etc.); they become direct subjects of entrepreneurial and innovative activities. In recent decades the aims and functions of the system of higher education have transformed significantly. Previously higher education institutions were focused primarily on the two main functions (education and science), but nowadays the scope of their responsibilities has expanded considerably. In addition to education and science, modern higher educational institutions are forced to operate in the spheres of commercialization of the research results, international integration and cooperation with business sector, and so forth [3; 5; 8; 10; 11; 12]. That is why strategic management and restructuring of the entire activity of modern universities, the revitalisation and strengthening of all human resource, scientific and technological potential, ensuring full cooperation with the real sector of the economy are important.

At the same time, of course, qualitative preparation of highly qualified specialists still remains the main function of universities. Regardless of the geographical, political, ideological, religious and other factors, one of the main aims of higher educational institutions is preparation of highly qualified specialists. Effective system of higher education is oriented on the meeting current and future demands of national economy by providing highly qualified professionals.

At the same time it should be noted that the conditions of modern economy form new requirements to professionals. In particular, the following qualities become essential: the ability to generate unique ideas, the skills of development of realistic innovative projects, the ability to quickly adapt to the changing conditions of the external economic environment, lifelong learning [4; 7]. The aforementioned is topical in connection with the rapid development of modern information and communication technology, nanotechnology, biotechnology and science in general [6, 9].

It is worth saying that the need for strategic management of universities has been recognised relatively recently in the scientific and educational space. Previously, the need for strategy was recognized only in exceptional cases. Thus, R. Darenford, the long-term head of the London School of Economics, spoke out against the idea of strategic planning of HEIs, considering it applicable to exceptional situations only [according to: 11].

At the turn of the XX-XXI centuries the need for strategic planning of universities and its component parts are clearly formulated. In their works G. Keller, P. Blau, J. Duderstadt, P. Lorange and others not only substantiated the need for strategic planning for

HEIs, but also highlighted the most important components of this process [according to: 11]. G. Keller included there three internal aspects (traditions and values, strengths and weaknesses, opportunities and priorities of administration) and three external ones (environmental trends, directions of the development of education market and competition). P. Blau highlighted the need for structural organisation for the creative activity of a HEI, noting the possible conflict between academic bureaucracy and creative potential of a university. J. Duderstadt, while defining the key drivers of strategic planning (financial imperatives, changing needs of society, technology development and market situation), pointed out the differences between professional and classic higher education. He believed that for the long-term planning of professional higher educational institutions it is highly important to take into account the changes on the labour market. P. Lorange identified several key areas in the creation of socially significant customer value: scientific research, i.e. creation of new knowledge; teaching, i.e. dissemination of knowledge; meeting the educational needs of the society.

Russian researcher O.Saginova substantiates the conceptual basis of the development of university strategy on the base of various strategic alternatives proposed by M.Porter: 1) provision of educational services at the lowest cost; 2) differentiation of educational services; 3) focus on the broader market; 4) focus on a narrow market niche [11].

Exploring the development strategies of a modern higher educational institution, Russian scientists A.N.Asaul and B.M.Karpov substantiate the need for the elaboration of different strategies: the core activity strategy, regional policy, human resource strategy, strategy of international activity, strategy of additional commercial services, innovation strategy (Fig. 1) [2].

Regardless of the position of the authors about the nature and types of strategies, strategy planning should begin with the development of the main aim (mission) and objectives of a university. The definition of the main aim should not be formal, since this aim in concentrated form takes into account the features of the environment, positioning of the university in this environment, as well as the means to achieve competitive advantage. Such means may be: low cost, low price, wide coverage of the market, clear focus on a specific niche of the market (elite education, special education, foreigners' training, etc.) and so forth.

We consider that there are three mandatory components in the strategy of a modern university: international activities, intensification of scientific research and cooperation with business. In the conditions of European integration and globalisation the strategy of any university should consider international aspects. The development

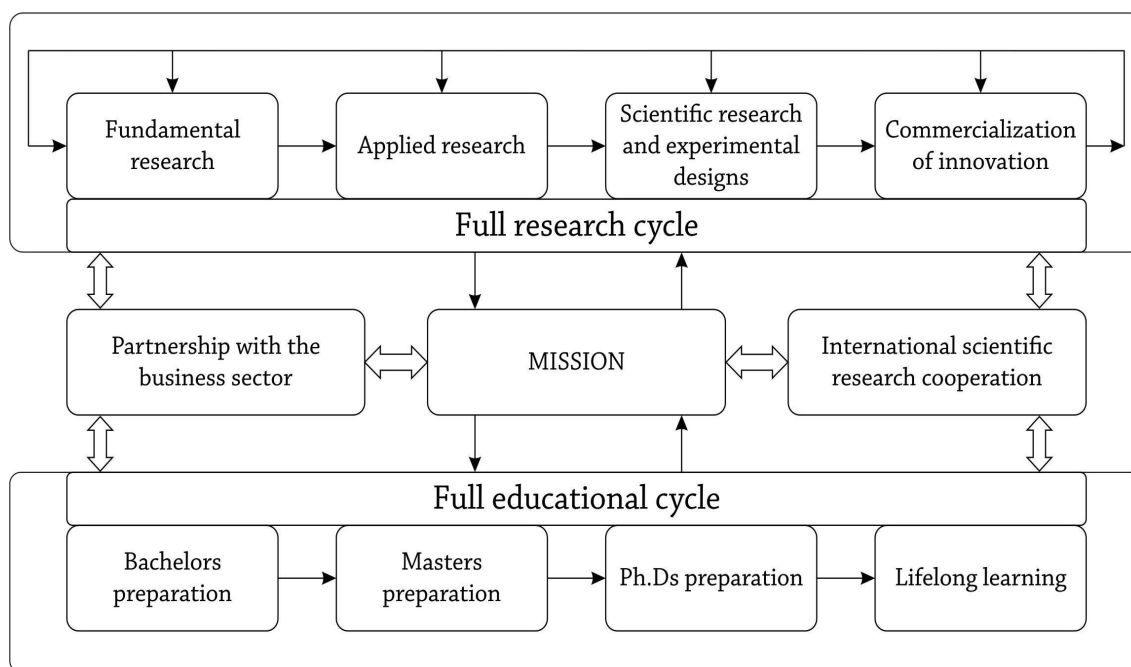


Figure 2 Innovation system of a university. Source: based on [9, p. 414]

of international cooperation may become an important factor of the revitalisation of innovative activity of higher educational institutions. International cooperation of universities can be implemented in the form of providing grants for the introduction of the most promising innovations in the practice of the functioning of economic entities; in various forms of academic mobility (students, interns, and academic staff).

Under current conditions on the world market of educational services it is virtually impossible to gain a strong position without increased international activities.

As it was noted above, the development of innovative, scientific activity of higher educational institutions is objectively justified to ensure high competitiveness on the market of educational services in the modern conditions [9; 12].

Innovative activity is necessarily accompanied by a sufficiently high level of risk, as it is almost impossible to exactly (one hundred percent probability) predict the result of the introduction of the innovative project in the activity of a university. Thus, some innovations will not find their consumers or may be economically inefficient, some – will not yield the anticipated results or may be not practicable in the existing conditions.

In turn, uncertainty, as an essential companion of innovative development, leads to some destabilization of the activities of a higher educational institution. However, despite this, in our view innovative development is able to ensure the success of an educational institution and the competitiveness of national educational system as a whole.

Just during training in higher educational institutions students make first attempts to

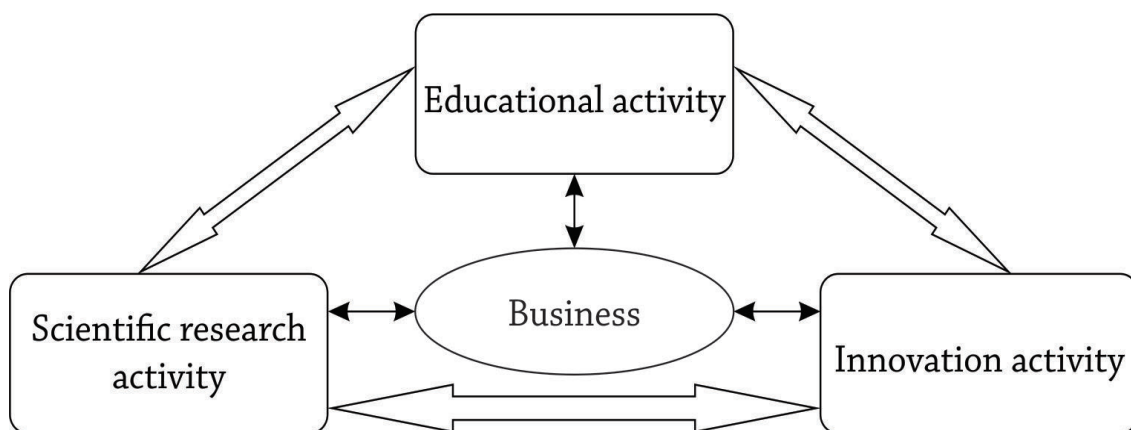


Figure 3 “Knowledge triangle”. Source: designed by the Author

implement their own innovative potential in scientific activities. Participation in research activities, scientific and practical conferences, seminars and round tables promote students' awareness of cutting-edge research results. Obtaining such knowledge and experience foster the formation of a highly qualified specialist who is in demand on the labour market and is able to make creative proposals and organize their practical implementation. The formation of a company's personnel of such specialists will lead to the revitalisation of innovative activity both on micro- and macro-levels in the future. It is based on the fact that the development of the national economy as a whole depends directly on the innovative activity of national economic entities.

The dissemination of the trends of lifelong learning substantially strengthens the role of higher education in the development of the society [4, 7]. In modern conditions only an employee, who is constantly improving his or her qualification and continuously learning (both in the systems of formal and informal education), can be competitive, self-sufficient and capable of creative and professional fulfilment.

The third major component of a university's strategy should be a significant increase in all the forms of cooperation with business. It should be noted that our views coincide with the position of Ukrainian scientists D. Luk'janenko and Ju. Solodkovskij. In their scientific article «Global'nye imperativy razvitija nacional'noj jekonomicheskoi nauki i obrazovanija» (Global imperatives of the development of the national economic science and education) the co-authors claim that, in order to ensure competitiveness, modern universities should develop the innovation system, which is focused on the integration of science, education, business and international cooperation (Fig. 2).

The realization of all the aims and objectives in the above mentioned areas of universities' activity will strengthen their role in the development of the national economy in the framework of the so called "knowledge triangle" – Fig. 3. In this case we are talking about the degree of integration and coherence of educational, scientific research and innovative activities of higher educational institutions and the current demands of business sector [124].

The development of information and communication technologies, material and energy saving, computer technology and biotechnology marked the rapid growth of the role of higher educational institutions in two ways: as the institutions which ensure the preparation of scientists, researchers, administrators, employees and so forth, and as the institutions which consolidate the innovative potential of scientists. The promising trend in modern science is the

development of nanotechnology, which is "next generation" technology, has extremely small dimensions and is radically different from the existing technologies. Given the fact that the development of nanotechnology requires substantial preliminary theoretical and applied research, the need for the fullest possible involvement of recognised experienced scientists and young promising researchers in this activity becomes obvious. We should also emphasize the importance of the full provision of the necessary laboratories, instruments, equipment, etc. to scientific research specialists. The development of nanotechnology necessarily involves the presence of a strong material and technical base and regular updating of its constituent elements. Special attention should be also paid to the interaction of higher educational institutions and business structures in the form of the research which is performed by university scientists and commissioned by enterprises. This form of cooperation requires significant activation via incentives, focus on the development of innovative projects and investment. In this case the constant monitoring of the needs of economic entities and the analysis of the level of their satisfaction through the scientific research work of universities become quite important. In modern conditions the active involvement of students in the scientific research activity, in the development and implementation of innovative projects is also of great importance. Due to this students not only obtain theoretical knowledge, but also practical skills in the sphere of innovation management. This, in turn, will be their strong competitive advantage for employment [4, 7].

Each direction of a university's strategy can be implemented using the main structural elements (finances, human resource, technologies, and so forth). The complexity of their interaction is provided through active cooperation of industrial-technological, organizational, financial, human resource, regulatory and marketing substructures.

In the system of a university industrial-technological substructure ensures conditions for the implementation of the core processes (education and scientific research). Organisational structure defines the terms and requirements for the management of all interaction and communication processes and for the practical achievement of the main aims of an organisation; human resource substructure defines the requirements for personnel. Financial substructure encompasses the entire system of financial flows (incoming and outgoing) ensuring the implementation of the main functions of a university. Regulatory substructure includes the legal framework of a university's activities, the presence of authority and autonomy in different areas.

Marketing substructure plays a special role in the strategic development of a higher educational institution due to the necessity of active positioning on the market of educational services (both national and international). In our opinion, the main task of this component of the innovative structure is the improvement of information channels and delivering information about a university and its competitive advantages to potential customers. Mass media, national and international exhibitions, congresses and fairs can be the means for the fulfilment of this task.

Marketing activities can be implemented either by universities (using mandatory counselling of experienced and highly qualified marketing professionals), or by delegating authority to well-established intermediary companies. The second option has certain advantages and disadvantages. In particular, the need for additional costs for intermediary services may be attributed to disadvantages; but the professional experience of the staff of intermediary companies in the formation of a portfolio and the presence of well-established contacts are the obvious advantage.

The innovative development of higher educational institutions is significantly boosted through the functioning of such special divisions as techno-parks, business incubators, training firms, etc.

These structures are the promising form of interaction of higher educational, scientific research and governmental institutions, and enterprises. The main aim is to create favourable conditions for the effective implementation of scientific research activities, patenting, commercializing of innovation. The main characteristic of techno-parks and business incubators is their flexibility and opportunities to change organisational structure, to adapt their structural elements and operational principles to the changing conditions of the external economic environment, and so forth.

In our opinion, the functions of modern universities also include the formation of the culture of innovation. The low level of innovation culture in the society is often one of the most

significant reasons for the deceleration of innovative development of national economy. It is important to realize that innovation culture must be developed not only among students and university graduates as the new participants on the labour market, but also among employers, civil servants, officials, and in the society as a whole. The formation of innovation culture in the society must be ensured and implemented mainly in the system of higher education.

## 5 Conclusion

Thus, systematizing all the aforementioned, we can state that each university needs to elaborate its development strategy, which must include clear aim orientation, and rely on a wide range of instruments for the implementing of university functions. In the conditions of the rapid growth of the significance of higher education in the innovative development of national economy universities prove to be the powerful factor of innovation. Each university should clearly envisage the modern market of educational services, the university's position on this market, and plan future development in accordance with its capabilities. An important success factor is a well-planned strategy, which properly and honestly considers all the internal potential of a higher educational institution and, at the same time, sets the breakthrough and innovative aims.

The system of higher education is not only the provider of educational services, which lets to improve living standards and health, increase salaries and solve demographic and ecological problems, improve the crime situation and reduce poverty, to satisfy personal, social and national needs. In modern conditions the system of higher education is one of the key components of the forces which promote the development of national economy based on innovation; increase the competitiveness of national economy; raise living standards and income; activate foreign investment; improve a country's position in the world rankings, and so forth.

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