

The Feasibility of the Application of Stakeholder Theory in Higher Education

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Abstract. Stakeholder theory originates in the field of enterprise management and spreads from private institutions to public sectors such as colleges and universities. The paper uses the method of literature research to study the difference and connection between higher education and enterprises, the evolution of students' power in higher education, and students are customers in higher Education. The paper points out that student are the core stakeholders in higher education, and colleges and universities must practice stakeholder theory in order to protect students' legitimate rights and interests.

Introduction

Stakeholder theory originated in the field of enterprise management in the 1960s, and most discussions on stakeholder definition are directed at private institutions. Freeman (1983) [1] defines it as "any group or individual that can be identified, that can influence the achievement of a company' goal or that can be affected by the achievement of a company's goals. Such as public interest groups, government agencies, trade unions, competitors, trade unions, employees, customers, shareholders and so on. "

In the 1970s, business management has moved from stakeholder influence to stakeholder participation. In the 1980s, with the publication of Freeman's landmark book Strategic Management - Stakeholder Approach, more and more western scholars have invested in this emerging field. Their research has penetrated from private institutions to the public sector, and has gradually gone beyond the scope of business management and spread to economic, political and social fields. Can stakeholder theory be used in the field of higher education? What are the similarities and differences between universities and enterprises? This is the topic that this paper tries to discuss.

Differences and Connections between Higher Education and Enterprises

According to J Victor Baldrige of Stanford University, colleges and universities are unique professional organizations, which have six characteristics different from business organizations, government organizations and their organizations: (1) the objectives of academic organizations are numerous and vague; (2) academic organizations serve customers; (3) institutions need intricate technology; (4) high degree of professional dominance academic work; (5) colleges and university professionals tend to be discrete and fragmented; (6) university organizations are becoming more and more vulnerable to the impact of environmental.[2]

However, more and more scholars point out that universities and enterprises have common ground in some aspects. Wang Jianhua (2005) believes that in the context of reform, which is intertwined by new public management, neo-liberalism and economic globalization, higher education reform has gradually entered another "discourse system". It has gone farther and farther along the road of management reform and closer to enterprise management in management technology.[3] Jeff Whitty pointed out that "without considering their respective functions, all organizations are fundamentally the same and have the need to pursue efficiency. The conclusion is that for public organizations such as schools, to be more effective, they must become more like

enterprises, one of the important measures is to adopt a good business management model. Unlike the bureaucrats, professionals and politicians who used to control public education, new managers are regarded as innovative, dynamic, flexible, candid, consumer-centric and strategic. "[4]

The paper believes that higher education, as a public sector, is obviously different from profit-making organizations such as enterprises. As a non-profit organization, university is also the gathering place of owners of human capital. Material capital serves human capital. Knowledge innovation of human capital is the legitimacy basis of the existence of university. However, as a non-profit organization, colleges and universities themselves are "the links between stakeholders". The stakeholder analysis framework for higher education is not in the sense of "enterprise" for profit, but as a non-profit organization. Although "not for profit" means that no one owns the ownership and residual claim and control of the organization, only the property right of the legal person, whose property right subject is "virtual", it means that higher education institutions are a stakeholder organization.

John Prander argue that stakeholders are a balancing issue.[5] Therefore, the paper believes that the essence of university governance is the coordination mechanism of "stakeholders in higher education", and the stakeholder model can be applied to higher education. From the theoretical level of the first level, the stakeholders in higher education can be identified and classified, and the core stakeholders in higher education can be defined. From the application of the second level of stakeholders, universities can use the concept of stakeholders in the process of strategic formation. In order to improve the service quality of colleges and universities, we must start with stakeholder management, analyze the stakeholder environment from the perspective and objectives of colleges and universities, and form a strategy to meet their needs and concerns. Schools managed by stakeholders can make efficient decisions, the distance between teachers and administrators will be narrowed, students will become active participants, teachers' councils and students' autonomy will be respected and supported, and smooth communication between students, teachers and administrators will be maintained. As the third level of stakeholder analysis framework, institutions of higher learning can use it to clarify the power of stakeholders and the relationship between stakeholders and universities.

The introduction of stakeholder theory into higher education conforms to the trend of the times, and also confirms that colleges and universities, as a non-profit organization, have some common characteristics of organization. As Drucker said, "In the past 20 years, non-profit organizations such as the government, the armed forces, universities and hospitals have begun to apply the concepts and methods of enterprise management to themselves. It's really something new, and it's really surprising. It's new that people realize that all our organizations are organizations, so they have a common management level. "[6]

Evolution of Students' Power in Higher Education

In contrast to Flexner's analogy that "university is an organism" and Hutchins' analogy that "modern university is a series of independent colleges and departments that are maintained by central heating systems", Clark Cole argues that " university resembles a government system, such as a city or a city-state: a city-state of a pluralistic mega-university, and a complex entity with very fine power division. There are a number of competitors for this power." [7]From a view of historical and comparative dimension, the distribution of power within higher education varies with times and countries.

Historically, Italian universities which were founded 700 years ago, the students had all the power, such as the Bologna Student Guild, which managed universities and dominated teachers. Both universities and local authorities are represented by students. The employment of professors and the payment of salaries are also the responsibility of students. Even professors who are late for class or too procrastinate in their lectures will be claimed fines. In order to prevent professors from hiring by other schools, they sometimes have to pay a deposit in advance, which is in the charge of students. The remains of the Italian-style Student University still exist today. It has a wide influence on Salamanca and Spanish universities. In Scottish-style universities, presidents are elected by

students. The heyday of student power took place between the 12th and 15th centuries, when universities moved to permanent sites, financed by the government, and professors no longer depended on students to pay for their fees, this power was effectively abolished.[8]

From a view of comparative dimension, power is entirely in the hands of the full professor in Germany and in the hands of the Minister of Education; in Oxford and Cambridge, power was once monopolized by professors; in Latin America, power is often in the hands of college students and politicians outside school. It began in Argentina and spread throughout Latin America. The Córdoba Movement of 1918 ushered in a politicized era of high student power in Latin American universities. Students gain strong formal power in various university committees. For example, Mexican college students generally account for one-fourth to one-second of the members of various committees at the University level. They also develop their influence by gaining the power to destroy. Under the leadership of Risieri Frondici, and Buenos Aires after Peron, students also involved the university as a public institution in the debate of national politics at that time.

In the United States, power has been almost entirely controlled by principals for quite a long time. Jefferson tried college student autonomy in the 1920s, but it soon stopped when all professors offered to resign. He supports the autonomy of students and teachers, but he does not know how to implement autonomy at the same time. Before the First World War, as a part of the Wisconsin concept, there was a wave of university student management. Their power in the field of extracurricular activities, such as debate, theatre creation, books, magazines, has been maintained. In a nationwide survey of students conducted by the Carnegie Foundation for the Promotion of Education in 1976 and 1984, it was found that students believed that they should play a role in university decision-making such as teacher appointment and promotion, admission policy, bachelor's degree requirements, curriculum content, student discipline and dormitory regulations.

According to Jefferson's theory, the legitimate power of all governments comes from the consent of the ruled. Therefore, all decisions that are important to students should be made with the advice of students (Wolf, 1969). As consumers of higher education, students are required to have a certain degree of voice in determining the appointment, promotion and dismissal of courses and teachers. Otherwise, when the rational process is frustrated, there is a danger that the irrational process will take its place. Students' discontent can turn into destruction, and destruction into riots.[9]

The 1960s and 1970s witnessed frequent student riots in the history of European and American higher education. In 1963, people were still talking about the indifferent generation, the obedient young people who were divided into different classes and the students who were free from all kinds of controversy. But apathy soon turned into activism, obedient youth into opponents of established power structures, and carefree students into new radicals. In the United States, there have been fierce protests on many campuses. These riots do not involve academic problems, but stem from various social problems, for example, forced military service, ethnic frictions, and most importantly the Vietnam War. In Europe, student riots, demonstrations and external events, such as the Vietnam War, are less relevant, mainly because of their dissatisfaction with schools. If students and young teachers in some countries protest against abuse of power and irresponsibility by in-service professors, students protest against their difficulties in finding jobs after graduation. In Germany, "participation" was one of the slogans put forward by the student movement in the 1960s, but the various management reforms that had been implemented were basically abolished.

In Western history, another peak of student power came from the market environment, in which students, as organized customers, were often free to dictate. In the 1970s and 1980s, the development of higher education in industrialized countries slowed down, which brought a lot of trouble to many universities that were struggling to adapt to the end of the era of expansion. In the 1990s, the demand for students rose again. Students often require reforms in curricula and learning styles to meet their employment and related needs. They have demonstrated their choice by enrolling and participating in programs that can provide them with the learning they need. This "student supremacy" in the United States is now becoming an international phenomenon.

Students Are Core Stakeholder in Higher Education

Under the impact of the democratization trend of thought after the 1960s and the market-oriented trend in the 1980s, the idea of students as important stakeholders has gradually been recognized by universities all over the world. Here, this paper mainly introduces the influence of the market-oriented trend of higher education and the prevalence of user supremacy on the establishment of students as important stakeholders.

New public management began to flourish when Mrs. Thatcher who is head of the Conservative Party came to power in 1979 and Reagan took office as president of the United States in 1981. The new public management theory has eight main points: (1) cost cutting, capping budgets, transparency of resource allocation; (2) decomposition of traditional bureaucracy into independent institutions; (3) decentralization of management authority to public institutions; (4) separation of purchasing and supply functions; (5) introduction of market and quasi-market mechanisms; (6) requirement of staff to complete their work objectives and end up; (7) personal employment system and national standard salary system are transited to contract system and performance related system; (8) at the same time, it emphasizes the quality of service and environment as well as the customer's response.

From the perspective of new public management and neo-liberalism, universities and other organizations have similarities in management reform. The common points of these management reforms are: emphasizing market-oriented (privatization / privatization), market competition, performance responsibility, service quality and customer-centered. It should be said that the trend of thought of new public management and neo-liberalism directly led to the market-oriented of higher education after the 1980s. From the perspective of higher education market-oriented, students are the customers of higher education. The micro-operation of higher education market-oriented is to focus on consumers (students, etc.) and improve the quality of service to meet the needs of consumers. Dai Xiaoxia, a Taiwanese scholar, believes that the transformation of higher education after 1980s reflects the new liberalism and the new public management concept of "big market VS. small and capable country", that is, the market-oriented trend of market operation assisted by the state.[10] The market-oriented of higher education is carried out in three ways: deregulation, elimination of monopoly and privatization / privatization. Hong Kong scholar's Mok Jiahao pointed out that the market-oriented of higher education can be manifested in the following two aspects: from the macro-policy point of view, the government usually dominates the deregulation, elimination of monopoly, privatization or non-nationalization of higher education; from the practical point of view, using market value and strategy, that is, turning higher education into a commodity in general, that is, taking consumers as the organization. The production and marketing centre provide the needs of consumers (students, parents and employers). This kind of operation of higher education according to market principle is the micro-manifestation of higher education market-oriented.

Conclusions

Colleges and universities provide higher education services, and students invest in material capital and human capital consumption services to become customers in higher education. This view has been accepted by more and more people. Alterbach pointed out, "Higher education provides services for people who study and research. In order to get the services they need, consumers must provide the principal, so that the acquisition of knowledge can be transactional." It should be admitted that the market-oriented trend of higher education makes the industrial attribute of higher education more prominent. With this wave, the prevalence of user supremacy is enslaved. Students are therefore identified as core stakeholders. In addition, from the perspective of Mitchell's scoring method, students, as customers of higher education services, have three characteristics: legitimacy, power and urgency, which are deterministic (core) stakeholders in higher education.

In a sense, universities are the links of stakeholders. The essence of university governance is the

coordination mechanism of "stakeholders in higher education", and the stakeholder model can be applied in the field of higher education.

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