

The Perspectives of the Development of the Strategic Management in Ukrainian Higher Education

Abstract

The research focuses on the perspectives of development of the strategic management in Ukrainian higher education. Strategic management is widely used by European higher education institutions and cannot be avoided by Ukrainian institutions if they are going to develop for a better future. Ukrainian higher education institutions are in the transition state and their understanding of strategic management is at the initial stage and further evolvement of the strategic management in Ukrainian higher education requires reforms from the state and willingness of the higher education institutions to accept the challenges of the modern environment.

Keywords: *strategic management, autonomy, mission statement, research university, development program*

1. Strategic management of European higher education institutions

The concept of strategic management was developed by I. Ansoff in the mid-1970s (Ansoff et al.). Strategies can be seen basically as a company's core goals and specific ways of achieving these objectives, which again should provide a guideline for allocating resources (Behm et al. 2011).

Strategic management is widely used in higher education institutions and cannot be avoided as these institutions are developed for a better future (Fumasoli, 2011, p.15). Strategic management is a particular form of management. It is participatory,

critical, forward-looking towards institutional policies which essentially seek to enhance the potential for change in university (Tabatoni et al. 2002). Strategic management as opposed to other management approaches is characterized by a dynamic view of the higher education institution with regard to its environment (Martin, 1992, p.6).

Increase in the number of students, massification of the higher education since the 1960s (Trow, 1979) and increasing scarcity of public resources since 1970 have put the governments of Western European countries under pressure of both efficient use of resources and for quality and excellence of academic outputs. Therefore, a tendency towards deregulation of the higher education system has emerged in Western European countries, which led to the implementation of the policy of New public management in higher education and the notion of strategic management of higher education institutions emerged in the discussion of the higher education management (Martin, 1992).

To different degrees, universities were forced to develop a strategy; on the one hand, they were made to develop strategies and profiles in order to be competitive with others, on the other, the states introduced more competitive funding schemes in order to increase competition on the quasi-market (de Boer). By developing their strategies universities select a specific position – a niche – in their wider context, featuring the dimensions under which they profile, compete and coordinate with other higher education institutions, they relate with the state and the other actors present in the same higher education system (Fumassoli, 2011, pp.18–19).

The process of the strategic management consists of such stages as ‘preparation/initiative (definition of the mission statement)’, ‘strategic planning’, ‘implementation’ and ‘controlling/evaluation’ (Behm et al., 2011). Strategy is a matter of mapping the route for the better future defined in the vision and mission.

2. The changing context for higher education management in Ukraine

The strategy concerns handling the environment (Chandler 1990) and building an alignment with it. The environment of the Ukrainian higher education institutions has significantly changed since the 1990s. In 1991 Ukraine gained independence and as a new country it established a system of higher education. Before becoming an independent country, in the 20th century Ukraine was a communist country and consequently all higher education institutions were state-owned and fully dependent on the Ministry of Education. Their mission was to

provide education and then to do research. In Ukraine, like in many communist countries, the majority of research was done at scientific institutes which were part of the Academy of Science (Kremen et al. 2006). Now higher education institutions have a status equal to scientific institutes subordinate to the National Academy of Science (Law on Higher Education, 2002).

According to the Law on Higher Education (2002), the main objectives of higher education institutions are:

- to provide education according to the standards of higher education;
- research, research-technical, cultural, art and health activities;
- preparation of researchers;
- study of the demand on the labor market and promotion of the employment of graduates;
- development of the personality of the student, development of love to Ukraine and respect to the Constitution of Ukraine;
- increase in the educational and cultural level of citizens.

The activity of the higher education university is based on the principles of autonomy. As to organizational, financial and policy autonomy (EEU, 2012), according to the Law on Higher Education (2002) Ukrainian universities have broad policy autonomy, namely the autonomy to decide on their staff or development of their own curricula and teaching methods, but they are restricted in organizational and financial autonomy.

In 1991 the adoption of the Law on Entrepreneurship, which allowed for the establishment of private higher education institutions, contributed to the emergence of the market of higher education services. Later it was allowed for public higher education institutions to charge a tuition fee for 50% of students in state higher education institutions (Kremen et al., 2006). These changes led to the emergence of competition among universities for students and resources.

The last two decades were characterized by the tendency of ‘massification’ of higher education not only in the European Union countries, but also in Ukraine. But if the reaction of the European states to the increase in the number of students, which led to the scarcity of public resources, was the implementation of the New public management policy and as a result performance-based funding, Ukrainian higher education increased the number of universities. In 1987/88 in Ukraine there were 146 public higher education institutions. Since 1990/91 there has been a gradual increase in the number of public higher education institutions and also private sector of higher education has emerged. The peak of the number of the higher education institutions was in 2008/09–353 and the peak of the number of the students was in 2007/08–2 372 500, in the following years there was a decrease

in the number of students and higher education institutions. From 1990 to 2013 the number of students increased by 107%, more than twice, and the number of the universities increased by 124%, 2.24 times (State Statistics Service of Ukraine, 2013) (Table 1).

During 2011–2013 there was a decrease in the number of students because of the demographic problems. It led to tougher competition among higher education institutions for students and resources and 19 private higher education institutions were closed in the period 2008–2013. In 2013 the total number of higher education institutions was 334 and among them there were 107 private ones (MON, Ministry of Education and Science of Ukraine).

Table 1. Higher education institutions in Ukraine
(State Statistics Service of Ukraine)

Year	Total number of higher education institutions (public and private)	Total number of students
1987/88	146	850 000
1990/91	149	881 300
1994/95	231	888 500
1996/97	274	976 900
2000/01	215	1 402 900
2007/08	351	2 372 500
2008/09	353	2 364 500
2011/12	345	1 954 800
2012/13	334	1 824 900

Ukrainian higher education institutions and the government understand the challenges of modern society and in 2010 the Cabinet of Ministers of Ukraine adopted a Resolution on Approval of a Research University (2010). 14 of the universities gained the status of the research (autonomous) university, according to which they strengthened their autonomy and received the following rights:

- to define the subject of research and to do in-depth and applied research using their own resources in new scientific and technical directions;
- to develop scientific, technical and socio-economic forecasts of the major economic sectors;
- to transfer the knowledge using budgetary and their own funds;
- to use funds received as a result of technology transfer on the development of their own research and modernization of scientific logistics, promotion of the scientific and teaching staff of the university;

- to manufacture and sell their own scientific products in Ukraine and abroad;
- to repair the buildings of the university and to equip laboratories using the funding from the state and funding resources of the university;
- to define, on the basis approved by the legislation, the ratio of students, postgraduate students and lecturers and researchers of the university;
- to establish standards of resources allocation among the structural units of the university;
- to increase, within budget funding, the amount of payment to researchers and lecturers by installing double salaries and rates of payroll, including hour payment;
- to maintain the status of non-profit organizations;
- to recognize the diplomas of foreign universities;
- to increase the international mobility of students and researchers on the basis of state funding.

Taking into consideration the rights of the research university, this type of higher education institution should focus on research activity and can raise third party funding on the basis of knowledge and technology transfer using the received financial resources for further encouragement of education and research activities for further development of the higher education institution.

In comparison with other universities, the objectives of the research universities are defined in the following areas: education, research and innovative activity,

- Education:
 - implementation of innovative programs;
 - increase in the mobility of students and staff;
 - promotion of the participation of the students in research activity and integration of the results of the research and education;
- Research and innovative activity
 - in-depth and applied research;
 - implementation of innovative projects;
 - integration of education and research with industry;
 - production of the experimental models of new technology;
 - ensuring protection of intellectual property including innovation products of the university;
 - participation in implementation of international projects and programs;
 - establishment of scientific centers in cooperation with foreign partners.
- International activity.

In comparison with other higher education institutions, the compulsory objectives of the research university is the development of international activity, membership in the European and international associations of universities.

The funding of research and development of the research university is done according to the development program in the sum which is not less than 25% of the budget of the university provided by the state. It means that the funding will be divided into funding of education (75%) and research (25%).

As said above, the environment of higher education institutions in Ukraine has changed significantly and provides new challenges:

- high competition with Ukrainian and European, American and Canadian universities, because 65 000 Ukrainian students study abroad, but at the same time 61 000 foreign students (tyzhden.ua, 2013) study in Ukrainian higher education institutions
- scarcity of public resources.

In order to survive in this new environment, it would be beneficial for Ukrainian higher education institutions to apply strategic management on the basis of the example of the European Union countries. What are the perspectives for the development of strategic management in Ukrainian higher education?

3. Development programs of the research universities – a bridge to the strategic management of higher education institutions

According to the Resolution on Approval of a Research University (2010), it is compulsory for this type of higher education institution to create a development program, which is regarded as the basis for the funding of the university. The total number of research universities is 14, but there are publicly available development programs only of 5 of them.

Among the 5 development programs, two contain the definition of the goal of this document:

- to develop the measures aimed at the transformation of the university into research university and main scientific centre of Ukraine in the sector of training researchers and pedagogical staff for higher education institutions (Development program of Taras Shevchenko Kyiv National University, 2010–2015).
- to open the research potential, development of the main characteristics of the world top-class university in creation of the conditions which will enable the university to take a position among 500 world leading universi-

ties according to the global university rankings (Development program of V.N. Karazin Kharkiv National University, 2010–2020)

All the development programs contain paragraphs about university management and declare:

- modernization of the university management, establishment of the modern effective and flexible system of strategic and operational management of the university and its structural units (Development program of V.N. Karazin Kharkiv National University, 2010–2020).
- democratisation of the university management, which means strengthening of the functions and rights of the structural units, self-government organizations, promotion of active cooperation with public organizations, implementation of the new ethic in the university management, which is based on the principles of self-respect and positive motivation, empowerment of the structural units, establishment of the system of accountability of the manager to the staff (Development program of Taras Shevchenko Kyiv National University, 2010–2015)
- simplification of the university management (Strategic plan of National university of “Kyiv-Mohyla Academy,” 2004–2015)
- implementation of the state-public principle of the university management, university plans to promote participation of the university staff in discussion on the strategic directions of the university development and allocation of the budget (Development program of Ivan Franko National University of Lviv).
- development of the informational-analytical system aimed at the support of the university management (Strategy of Vadym Hetman Kyiv National Economic University, 2010–2015)

Universities declare the necessity to change the management of the higher education institution into more flexible and efficient, and it can be done only with the development of strategic management.

Taking into consideration the scarcity of public resources, the financial issue is crucial in the development program:

- funding of the university is of main importance for the implementation of the strategic plan, university develops a model which will allow it to be a state university, at the same time to be an autonomous, financially capable university, university plans to receive endowment which will provide the university with independence, all structural units must receive (internal and international) grants for research and education (Strategic plan National university of “Kyiv-Mohyla Academy,” 2004–2015)

- increase in the effectiveness of the funding allocation, university plans to make the process of funding allocation transparent (Development program of Taras Shevchenko Kyiv National University, 2010–2015)
- to prepare the five-year financial plan with diverse sources of funding (Development program of Ivan Franko National University of Lviv)
- transparent and rational usage of all university resources, the priority in resource allocation is given to the directions which are aimed at the main goal of the university development (Development program of V.N. Karazin Kharkiv National University, 2010–2020)
- development of the new scientific directions and their commercialization through partnership with business, raising funds for research through grants, endowment, from state and private sources (Strategy of Vadym Hetman Kyiv National Economic University, 2010–2015)

Universities admit the necessity for diversification of the sources of funding, which can be done only on the basis of knowledge transfer, preparation of innovative projects (continuous implementation of the results of in-depth and applied research in science, manufacturing and educational technologies).

According to the Resolution on Approval of a Research University, higher education institutions define their goals in such compulsory strategic areas as research, education and international activity, and also in others which they regard important for their development:

- work with undergraduate and postgraduate students (up-brining of citizens and patriots);
- management of the university;
- personnel;
- management and infrastructure of the modern research university;
- development of the social and cultural function of the university;
- development of the information-communication technology;
- development of the social and economic sector, social support of the staff and students;
- consolidation of the personnel potential of the university.

Beside three main strategic areas, universities focus their activity on human resources policy, management, and development of the connections with society.

Development program is a strategic plan of the university, the basis for its funding and the instrument of the accountability of the university to the state because every year the research university must provide a report to the Ministry of Education and Science about the results of the implementation of the development program (Resolution on Approval of a Research University, 2010).

Conclusions

The Ukrainian legislative basis, which regulates the activity of higher education institutions, requires reforming because Ukrainian universities are limited in their autonomy, their development is defined by law and by the authorities, the system is characterized by control from the state concerning finances and administration and extensive autonomy of the academic understructure for research and education, which entails a weak position of central organizational bodies and a lack of strategic capability of the organizations themselves. The adoption of the Resolution on Approval of a Research University, on the other hand, proves that the state admits that higher education requires changes and it especially concerns the development of research and management of higher education institutions.

Higher education institutions admit that in order to become more competitive they need to change their approach to management, their understanding of the necessity to implement strategic management can be proved by the creation of the mission statements on their own initiative. The development programs can be regarded as the beginning of the strategic management of higher education in Ukraine, but its further successful evolution needs support from the state and adoption of an adequate legislative basis aimed at the strengthening of the autonomy of higher education institutions, especially financial and organizational, the state should weaken its control and give higher education institutions more room for maneuver.

The changes in the management of the higher education institutions also concern the reforming of the relationship between senior managers and members of the university, establishment of the communicative process between them. Because the strategy of the university and development plans must be created in a participatory process, they will be understandable to the members of the university who should implement them in everyday activities. Members of the university must be regarded as the most valuable resource which creates other resources – attracts students with high quality of education and third party funding on the basis of research and knowledge transfer. It is a positive trend that Ukrainian higher education institutions admit that their further successful functioning first of all depends on research, but they should also create suitable conditions for researchers and promote the research activity among students.

Ukrainian higher education institutions are in the transition state. The emergence of the research (autonomous) universities will promote the necessity to formulate development plans and to define the mission statement with vision, values and goals. But it is understandable that further development of higher education in

Ukraine must be done with the implementation of strategic management and it requires reforms which the state can conduct and willingness of the Ukrainian higher education institutions to change, to establish new attitudes to the resources (including human resources), to research and management of higher education institutions and to become more competitive at the national and international level and to accept the challenges of the modern environment.

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