

## OUTSOURCING IN HIGHER EDUCATION?

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### Abstract

New society faces a new challenge – the information society. It is certain that the ability to handle knowledge, information and communication will be a very important parameter for Universities to develop, succeed and survive in the new century. Global education should enable students, by means of appropriate knowledge and abilities, to act with responsibility in the complex interconnections of global society. Global education is not a new subject, but a comprehensive guiding principle for teaching at all levels. Global Education is learning for the future. Being fit for global society does not only mean having a knowledge of English and computers but to be able to enter the labour market. Global education will encourage people and empower them to be active in forming world society, creating conditions world-wide for solidarity in thinking and acting. It aims at the development of that cognitive, social and practical competence which we need in order to lead a fulfilled and responsible life, even under the complex conditions of a world which is becoming ever more interwoven. Global education is oriented towards an integral and participative process of learning. A variety of methods and change of perspective should help towards a better comprehension of complexity, to the acceptance of uncertainties and insoluble contradictions and help in learning how to deal with them. E-ducation as a platform for delivering knowledge can reach the way of new trends. We know that internationalisation has led to unification of education systems. Accordingly, efforts are being made to achieve a globally uniform system of education. We have to take into the consideration that the economy is increasingly switching over from an input-orientation to an output – orientation. In the days of input-orientation work was measured on the basis of time. Employees were paid on the basis of their time at the workplace, rarely for their productivity. Output-oriented means that tasks are laid down in a target agreement and it is not longer relevant how much time it takes to perform them. Faster can be paid better than slow one. We all need to spend less time on performing a specific tasks and reaching specific goals.

Education sector is not exemption. Teaching has been and still is measured in hours per week. In Europe now measuring units switching to ECTS (European Credit Transfer System) points. Through this system even academic work is recognised across borders and students can get credits for work done in another country or university. So it means that Distance learning and e-learning start to be measurable through ECTS points and may not require any contact hours at all. We can say that distance learning becomes measurable and fully compatible with face to face teaching. In order to be able to follow mentioned strategy we need for e-learning as simple system as possible and to be oriented on the content which is the most important part of the virtual system. Simple system allow both parts – teachers and at the same time to students to study the best ideas and to discuss it through the system.

**Key words:** outsourcing, higher education, privatisation, e-learning.

### 1. Introduction

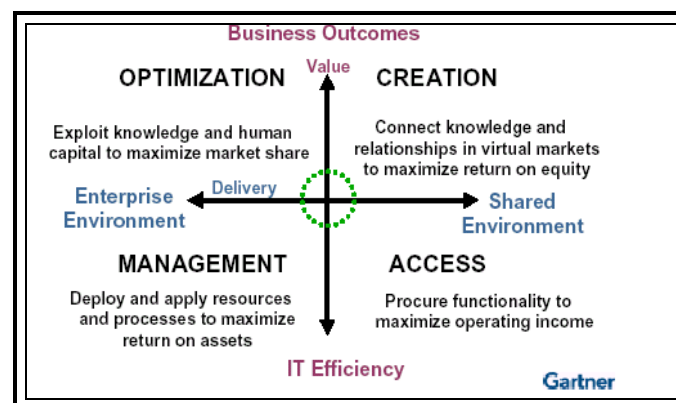
In modern corporations, decisions are made every day about whether to make or buy, to purchase or lease, or to expand through customer growth or through corporate acquisition. Typically, these decisions have more to do with return on investment and available capital than with simply getting bigger or preserving time-honoured ways of doing things.

Over the last 100 years, evolution and change has been escalating. Henry Ford once said, "I'll build a Model T in any colour, as long as it's black." Now some Japanese cars are built partially in America and some American cars are built partially in Japan; all of them come in any colour imaginable. This is in sharp contrast to higher education, where tradition is dear, where forms of ownership rarely change, and where educational institutions themselves – their cultures, brand names, buildings and grounds, and tenured professors – seem to endure timelessly.

Outsourcing to obtain enhanced services at lower costs is the most natural thing in the world for businesses. It simply requires looking at any required service, product, facility, or function with dispassionate eyes, then deciding whether or not it might be fulfilled by another organization.

Outsourcing generally is the process of hiring someone else to do work that a business cannot, or does not wish to, do itself. While businesses have always done this, the entire field of outsourcing has taken on new dimensions and in the past few years has become vastly different from what it once was. Now companies are outsourcing significant portions of their core application development work overseas as well as areas such as order processing, help desks and others, justified by a lower cost per unit.

Outsourcing is the most commonly used type of privatisation. Outsourcing, also referred to as contracting out, is a form of privatisation that refers to an institution's decision to contract with an external organization to provide a campus function or service. In the purest form, the term refers to the shifting of the provision of a service from the public to private sector.



### *Schneme 1. Outsourcing objectives*

## **2. The role of outsourcing in education**

In theory, any product, service, facility, or function is a candidate for outsourcing. Everyone knows about the familiar auxiliary services like food service, bookstore sales, or building and grounds management that have been outsourced successfully on many campuses. In the last 10 years, deregulated utilities like the purchasing of student telephone services and natural gas have also been outsourced to external suppliers. Even teaching has not been exempt, though it is sometimes hard to recognize "outsourcing" here when we see it. Growing numbers of part-time, contract faculty teaching in extension programs, in business and engineering schools, and in first-year courses across the country may strengthen and complement the academic programs.

A lot has been written about the shape and character of institutions of higher education in the next century. Most of these scenarios paint a picture of colleges and universities as more flexible, entrepreneurial, responsive, and efficient enterprises than they now appear. The strategy of outsourcing helps to get there. Technology, cheaper money, new levels of philanthropy, and brighter and more mobile students will dramatically change everything what has been done. Outsourcing allows colleges and universities to try new things, to test new products and services, to competitively price alternatives, to strengthen their own capabilities, to use other people's capital, and, most importantly, to concentrate on what they do best.

If someone else can do the job better (and less expensively) than you can, let them do it. Embracing outsourcing doesn't mean that someone will be selling out to market forces, compromising academic values, or firing all your people

"To outsource or not to outsource" is thus a question that ought to be raised about every function in the institution. For business officers, leadership is all about answering that question. And the answer depends on asking many other questions. Is the function well managed at the present time? Do we have good people? Are our people learning to continually enhance the way this service is performed? Are costs accounted for and under control? Is the community happy with the service? Are we meeting our own standards of quality? Are we keeping up with technology? Are we able to invest the capital needed to stay up to date? Answers to any of these questions might trigger a serious look at outsourcing.

### **3. What can business bring to educational communities?**

Business enterprises are different from academic institutions because they can run business functions as profit centres with no apology. That's their job. They understand costs, are able to bring volume-buying and other specialized skills into the equation, and have top-notch specialists. Because they can promote personnel to increased levels of responsibility from across the many institutions that comprise their client bases, they can offer their own people upwardly mobile career paths and can bring in new leadership and trained professionals when needed.

Colleges and universities, when managed traditionally, are usually much more constrained. Positions like director of the bookstore, coordinator for telecommunications, director of building and grounds, or food service director, are the top jobs in these areas at any given institution. No one else will have a chance for top leadership until the incumbent in each of these positions retires. Perhaps more important, there's limited growth opportunity in these administrative positions once you reach the top. Business partners can usually offer more opportunity for personal and professional growth.

Because businesses are motivated to build their enterprises, they can be extremely creative. Unlike campus service departments, they are not allocated a budget or fund and asked to administer it. They work all the time for the market they serve in order to provide the more and enhanced products and services that may earn them more money. That's a very different kind of thinking than is typical of colleges and universities, and it's an important strength for educational institutions to tap into. Doing so provides real opportunities to enhance services on campus and to enrich the community, with low associated risks and perhaps no additional investment capital.

### **4. Most important decision criteria in outsourcing**

**Cost:** Can you reduce your overall costs by outsourcing? Financial modelling might provide the answer. Things to factor into the modelling process include salaries, benefits (including holidays, vacation days and sick days), training, test equipment, tools, computers, telephones,

furniture, space - everything that relates to having an employee on the payroll as opposed to being on a contract and off-site. Don't pay for more than you need. Define what you need, and continually monitor.

**Expansion/Downsizing:** Does outsourcing make sense in terms of the institution's stability, size and culture?

**Flexibility:** Can the outsourcing company provide equal or better flexibility in terms of types and levels of service, hours of operation, etc.

**Service/Staffing:** Does it make sense to outsource all of the services that you presently provide, or just some of them? How will you decide which ones to keep – the easiest ones, the most interesting ones, the ones with the highest profile, the most expensive ones to outsource, the ones which have a limited life span? What would be the impact on staffing levels in each case? Will the outsource company hire away some of your staff?

**Space:** Is space allocation, together with all associated furniture and equipment, an issue in your organization? Would it be a factor in this decision? If the outsourcer is off-site, how far away are they located?

**Control:** How much control would you lose (or perhaps gain) by outsourcing? How is security of information and university property maintained with outsourced employees?

**Performance:** How is performance measured? By whom?

**Contract and recourse:** How can you escape the contract? What is your recourse if the outsource company is not working out? Are performance penalties and/or performance bonuses addressed in the contract?

**Reliability:** Which arrangement would allow you and upper management to sleep easier at night? What has been the experience of other organizations who have used an outsourcing company, especially this particular outsourcing company? How does the outsourcer address disaster prevention and recovery?

**Company profile:** Is the outsourcer independent, or are they affiliated with a vendor? If the latter, how does this influence any decisions regarding selection of products and services for you? Is the outsourcer stable? Likely to merge? What would a merger do to your relationship?

**Company employees:** What are their qualifications and experience? How is performance assessment and monitoring handled? What is your recourse if an outsourcer's employee is not working out?

### **Advantages and Disadvantages**

Outsourcing, when properly structured and monitored, can have many benefits, such as reducing costs, improving service quality, and increasing efficiency and innovation. Outsourcing, however, also presents certain risks, and maintaining or improving service quality is not assured. Proper contract procedures and oversight are essential to ensure that resources are appropriately used and services are rendered satisfactorily.

Outsourcing critics claim that private business practices are contrary to the established traditions of shared governance and to the academic profession, which require substantial professional autonomy, peer rather than hierarchical authority, and a less materialistic culture. Further, critics of outsourcing point out the human resources consequences, including lost jobs or decreased loyalty to the university.

### **5. E-learning and Outsourcing**

E-learning presents a wide range of acquiring knowledge via electronic media, modern information and telecommunication technologies (CDs, TV, Internet etc.). It includes developing and distribution of electronic courses, managing learning and teaching. Of course

we have to bear in mind the most important factors which lead to effective education. This is secured by feedback and possibility to study wherever and whenever. This gets us more or less back to the roots and principles of distance education. E-learning makes this form of education more interesting and effective than other forms of education.

To make the distance form of education effective, there was a need to find the most suitable tool, which would fulfil the role of the education system as well as secure the feedback and at the same time communication between teacher and students. The answer is the Internet – the today's phenomenon, which comes to the front with growing scale of activities such as selling, shopping, communication, entertainment and of course education.

### **Description of the system**

LMS<sup>1</sup> e-ducation is the Internet application which secures education via the Internet. The application is created on the bases of distance education methodology which has been already practised both in our country and abroad. With the application that uses the distance education features effectively, an organisation can offer valuable education together with modern interactive features. Still, feedback is the most important feature of distance education and the system secures it via communication and electronic tests. Since the system is the Internet application, students can study anywhere and anytime, because nowadays the Internet connection is also possible via wireless mobile devices.

### **Advantages of the system e-ducation**

Electronic systems come to life mainly because they can reduce costs and are more effective. System e-ducation offers an institution the following advantages:

- saves costs concerning study material printing
- saves travelling costs both for students and teachers
- saves communication costs
- saves teachers time needed for consultations
- saves teacher's time on testing and evaluation
- saves time necessary for study materials development
- increases efficiency of an educational process
- increases students' interests to study due to new educational form
- increases students' interest to study since it offers comfortable study "from home"
- increases efficiency of cooperation among students as well as students and teachers.

### **Form of providing the system**

E-ducation is an ASP<sup>2</sup> application – what advantages can an organisation have? ASP applications are provided to customers for a lease. This represents a modern form of outsourcing, where an organisation orders to use an application whose owner is the company offering the application. This company is responsible for the smooth running of the system while the user company is responsible for the content.

### **Advantages and the lease of the application:**

- institution does not need any financial means to run and operate the application (e.g. salary)
- institution does not need means to maintain the system
- company is fully responsible for the running of the system

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<sup>1</sup> Learning Management System – system for managing education

<sup>2</sup> ASP – Application Service Providing

- the system is continually updated for new features
- the application can be adjusted upon request
- simple system supplements with new functions can be added.

## 6. Conclusion

University staff at this moment needs software system as simple as possible to allow them to create and deliver modules via Internet and to teach their students. To outsource system means for University to be very effective because does not need to pay additional staff to take care for the system or to pay money for the application which needs every time to be updated. Also the mentioned application is not so highly sophisticated and teachers, students and other users will not have a problem to work with it. The last problem which is waiting for a staff at Higher Education Institutions is to prepare qualitative study materials.

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