

Formation of the Customer-Centric Organizational Culture of the University as a Factor of Effective Social and Economic Development of the Region

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Abstract

Article is devoted to the study and analysis of the formation of a customer-centric organizational culture of the university as a factor of effective social and economic development of the region. The essence of a customer-centric organizational culture of the institution is revealed. The impact of customer-centric organizational culture of the university on the socio-economic development of the region through the professionalization and labor adaptation of graduates is defined. Analysis of empirical data revealed the main problems and prospects of the customer-centric approach in the development of the organizational culture of the university.

Keywords: customer-centric, university, organizational culture, student, higher education, regional development

1. Introduction

Currently, in the Russian Federation there is an integration process of the national higher education into the world's higher education system and the academic community, the deployment of effective intelligent communications; a competence-based approach is being implemented. The need for integration is dictated by the transition to a two-tier system of education in the university and the unification of Russian specialties and areas of training with the internationally accepted educational practice (Guskova & Shavyrina, 2014). In this regard, the Russian higher education should be involved in international standards of training. This requires a radical transformation both the higher education system itself, and some individual universities and their subdivisions. New requirements and opportunities offered to the universities in the current stage of development of the Russian society, inevitably refract through their "cultural type", which is the result of the formation and development of corporate culture. At the same time, it is often the level of development of the organizational culture of universities that has a decisive impact on the possibility of joining the group of regional or national market leaders in the provision of educational services. The transition of educational institutions at all levels to marketing philosophy dictates the need to change the landmarks, including in the university management system, away from the gaining the maximum profit from the provision of educational services to the maximum satisfaction of consumer needs.

In our view, it is possible to form the modern mechanism of the university functioning only by a radical reorganization of the existing management system, using the accumulated positive experience and drawing in the new organizational elements that increase the fitness and adaptability to changes in the external and internal environment. The customer-centric approach to the university management has significant defining features, which depend upon the historical ratio of centralization-decentralization, readiness of senior management and the divisions to undergo the changes within the intra-university relations, the common organizational culture, the innovativeness and creativity of employees.

In our opinion, the formation of customer-centric organizational culture of the university as a factor of effective social and economic development of the region is due to:

firstly, the increasing role of sociocultural component in the training process of competitive specialists for the enterprises of the Russian Federation;

secondly, the strengthening of integration processes between institutions of education and industry sectors that requires the development of new algorithms for mutually beneficial cooperation;

thirdly, the need to improve customer focus of educational institutions through the use of new organizational and technological mechanisms of formation and development of organizational culture, providing a reasonable balance between the interests of all participants in the educational process.

This study aims to examine the level of formation and development of customer-centric organizational culture of higher education institutions as a factor of effective social and economic development of the region. Research highlights the degree of involvement of clients in the organizational culture of the university, the level of satisfaction of internal and external customers with the university organizational culture and the effectiveness of the impact of organizational culture of the university on the internal and external customers.

2. Literature Review

The ambiguity of the phenomenon of organizational culture determined the existence of multiple scientific approaches to its understanding. Among the foreign researchers who carried out the first attempt at understanding the methodological foundations of the phenomenon of organizational culture is Sorensen (2009), who considered the organizational culture as "corporate religion" that includes the organization's faith in itself and in its desires. Cameron and Quinn (1999) suggested a comprehensive typology of organizational culture, including two sets of criteria: the main performance indicators of the company and focus areas of activity. According to the theory of Harris and Moran (1991), the content of organizational culture is defined not by a simple sum of the expectations and the real situation for each characteristic, by how they are related and how they shape the profiles of certain cultures. Robbins (1987) defines organizational culture from the perspective of characteristics such as personal initiative, risk, consistency and the line of actions, management support, control, identity, reward system, conflicts and interaction models. From the standpoint of Shane (1985), the organization's culture is a pattern (i.e. scheme or a model) of basic collective conceptions being acquired by a group in the course of resolving the problems of adaptation to changes to the external environment and internal integration. According to Hofstede (1980), organizational culture is determined, above all, by the values, which are common to most employees.

Problems of the organizational culture management at the present stage of development of society have been covered in the works of Aksenovskaya (2005), according to whom, the organizational culture is a complex socio-psychological order of organizational and managerial interactions which is constituted and regulated by the systems of ethical meanings of the interaction participants. Studies held by Groshev and Yuryev (2010), the concept of organizational culture in relation to the local industrial organization is being based on the regulated norms and rules of conduct. According to Shapovalova (2009), organizational culture is a social phenomenon of the organization, which includes elements of organizational ideology, characteristics of subject and object of management, being merged into the subsystem of personnel, ideological and organizational management subsystem.

Various aspects of the formation and development of the organizational culture of educational institutions of higher education are set out in the writings of Antopolskaya (2005). From the standpoint of the author, working on the development of each of the entities, organizational culture creates conditions for their activity as a unique "I" (i.e. myself), united in a single space and manifested in the sense of "we", giving rise to the phenomenon of affiliation. Affiliation comes with mutual acceptance, mutual trust, mutual respect, in empathy for the success of the common cause.

Anderson and Kerr (2001) consider the problem of customer-centric management as a factor of improving the competitiveness of modern organizations. Consideration of the specific characteristics of the common component of the socio-cultural institutions of higher education took place with the reference to the ideas of Peppers and Rogers (2011) who highlighted the bottlenecks of the modern university relationships with internal and external customers. According to Chubatiuk (2011), customer-centric approach implies an active implementation of the marketing philosophy, the marketing concepts and tools into the management system. Research of Zigalenko (2008) reflects the organizational culture of the university as the evolving organism, the foundation of which is the historical values of the organization, in turn, being the basis for developing a concrete impact on external factors.

Successful adaptation of university graduates is largely dependent on the state of development of the corporate culture of those organizational structures, which they enter after graduation. Borisov (2000) and Groshev (2007) conducted an analysis of various aspects of the formation and development of the corporate culture of modern organizations, including, as a factor in the successful adaptation of graduates to the professional activity. From the viewpoint of Solomanidinova (2007), the organizational culture as a complex and multifunctional system that determines the priority and importance of the individual functions as a variable rate depending on the type of organizational culture,

its objectives, stage of development, the influence of the parameters of the external environment. But, at the same time, according to the author of this theory, the total set of functions of organizational culture remains unchanged and includes cognitive, value-forming, communication, legal and regulatory, motivating, innovative, and stabilization function (Solomanidinova, 2007).

Analysis of Russian and foreign sources on the research problem leads to the conclusion that at the present time the humanities has accumulated significant theoretical and empirical data on the impact of organizational culture on the effectiveness of specialist training by the institutions of higher education. However, we can conclude on the existence of a significant deficiency of research aimed at developing technologies and mechanisms to improve customer-centric organizational culture of modern educational institutions.

3. Research Methodology

3.1 Research participants

To meet the challenges of the study, authors have surveyed 1500 students of higher educational institutions in the three regions of the Central Federal District of the Russian Federation: the Belgorod, Kursk and Voronezh regions. Thus, the study involved 735 students enrolled in the Belgorod region, 315 students in the Kursk region, and 450 students in the Voronezh region. The quoting parameter was a professional focus of the university and its status. Two focus areas of the university were allocated: the humanities and technology, and two status positions of universities: the state, and commercial.

3.2 Research instrument

Questionnaire method was the used for the primary data collection (i.e. the sociological information). The questionnaire is a tool of sociological research, which is a system of questions aimed at identifying qualitative and quantitative characteristics of the object of study.

The empirical base of the study are the research results conducted by the authors in February-April 2014 in the framework of "Analysis of the formation and development of customer-centric organizational culture in higher education" project. The study involved the use of a system of concepts built on the principle of "objectives tree". At the same time, the basic concept is "the formation of a customer-centric organizational culture of the university".

A system of empirical indicators to be measured was proposed on the basis of the "objectives tree". Thus, the indicators used in the study are: the degree of involvement of clients in the organizational culture of the institution, level of satisfaction of the internal and external clients with the organizational culture of the university, the effectiveness of the impact of organizational culture on internal and external customers of the university.

The specialized software "DA-system" (version 5.0) was used for processing the results of sociological research. The main mode of data processing is to obtain and visually analyze the allocation tables. This mode is necessary for an overall assessment of the situation and formulate a more complex analysis tasks. The Designer of allocation table is being used at this stage. Auxiliary program modes, which were used in the processing and analysis of the data, were "one-dimensional output tables" and "Conclusion of two-dimensional tables". When analyzing the data the methods of structural, comparative, factor analysis, grouping and typology of social variables have been used.

4. Findings and discussion

The increase in competition between universities, leads to an understanding of the importance of customer loyalty of the educational process, having an unprecedented right to choose the institution in which they want to gain knowledge and professional experience, obtain diploma, feel the prestige, etc. As a guide to the classification of clients of higher education, we used the concept of sociological monitoring of an intra-university environment developed by a group of authors (Babintseva et al., 2012).

According to this concept, the *internal customers* are the consumers of services provided by the institution of higher education, including:

1. University students studying in various faculties, courses and educational programs of the university, and, representing the bulk of domestic consumers of the university services. They are classified as "direct customers", being the direct users of the results of the university's activity in all respect.
2. University professors – this group of clients includes faculty members of the universities represented in the

staffing table on the basis of an employment contract and (or) agreement.

3. University administration – people engaged in university management. This group of customers includes the rector and vice-rector of the university, chiefs and heads of departments of the university, as well as deans and directors of institutes, research and education centers, laboratories, engineering offices and other departments of the university.
4. Staff and employees of the university are a group of users, consisting of researchers, workers of the above-mentioned divisions and departments, as well as support and maintenance staff of all departments of the university.

The external customers of higher education institutions are:

1. Applicants – part of the population that has actual or potential opportunity to use the services of the university on the acquisition of higher education.
2. Parents – a group of persons responsible for the selection of higher education institution by the students and applicants who are interested in their cooperation with the university, and are on the one hand the indirect users of the university activities, on the other hand, most of all, direct customers, paying for the services received, controlling and observing the quality of the result .
3. Employers – a group of persons benefiting from the activities of the university in the form of trained professionals in areas of university training.

Specificity of a customer-centric approach in the context of studying the university activities, in our opinion, is to consider the role of the student as the main component of the educational process. At the beginning of social contact with the university student directly (as an applicant) or indirectly (via parents and other subjects of public relations) is being an external client, who assess the competitiveness of the higher education institution in the education market. Subsequently, a student of the university becomes a member of the university policy implementation, including the process of formation of organizational culture, participating and manifesting himself or herself in various activities of the university (e.g. R&D, community service, student council, cultural work, and educational process). However, at the same time, the student is a consumer of university services.

At the stage of professional self-determination and the completion of a business contract with the higher education institution (4th year of studies), the student acts as the *product* or *result* of operations of the university, carrying the features of its organizational culture. Formed under the influence of various factors (e.g. the university environment, the impact of teachers, practical experience, and professional orientation) individual person is the “face” of the university and the holder of the organizational culture of the university.

Subsequently, we may consider the student as a potential employee of an organization that implements the opportunities being shaped by the organizational culture of the university in a particular organization. The evaluation of the quality of the formation is being made by the employer, evaluating the level of student’s knowledge obtained and the value of the elements of organizational culture being introduced by the student to the organization as a whole (see Figure 1).

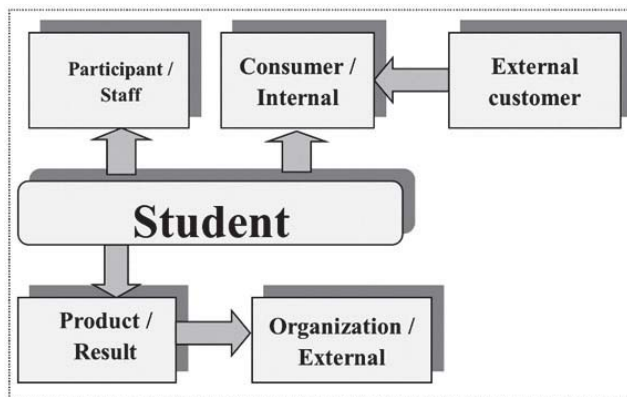


Figure 1. Role model of the object of the educational process
Source: based on (Guley, 2012)

In general, the satisfaction of internal and external consumers can be regarded as an intermediate result of social interaction between the consumer and educational institution, obtained at the time of the measurements. This approach allows us to evaluate the performance of both the university and the processes in educational institutions, affecting the evaluation of different types of relationships.

Consideration of customer-centricity in the context of the organizational culture of the higher education institution, involves the use of a strategic approach to the development of the university, providing increase its competitiveness and profitability growth. This implies mobilizing all its resources to the identification, engagement, acquisition and retention of the most profitable customer, by improving the quality of services and customer satisfaction. This approach involves a systematic approach to the formation of the organizational culture of the university on the basis of customer-centricity.

An important condition for the formation of customer-centric culture as a method for the efficient development of the university, in our view, is to comply with the following principles:

First. Customer identification – a system of knowledge about customers and understanding their value. The more information the organization has about its customers, the better. For an organization to assess clients (including their potential contribution to its development) with a considerable degree of probability, it should develop an idea of them, based on the marketing data, events and history of the relationship. This is achieved with the use of databases and allocation of a simple observation on the part of teachers and administrators. At this stage, an important criterion is the well-planned technology for collecting and storing information.

Second. Ensuring customer commitment to the organization by forming the corresponding samples of the organizational culture. The main goal of customer-centric approach is to create groups of loyal customers (i.e. supporters), preservation of loyalty is the most important customers of the university. Loyal customer is the consumer who is in a situation of choice consciously prefers a specific brand and is willing to pay a premium price for it. These buyers are not sensitive to such actions of competitors, as changes in the cost of training, diversity of the training programs, social security, etc. Thus, it is the most predictable group of clients that might bring and does bring the maximum benefits for the institution. Objective indicators (e.g. students' performance, interests and results of scientific research and creative activity) can track customer loyalty. At this stage, it is advisable to use qualitative data collection methods – focus groups.

Third. Differentiation of customers – assignment of customers into groups based on criteria being selected by the university management. Development and supply of different programs for each group of customers (e.g. participation in R&D, sports and social activities, etc.), corresponding to the conditions of competition and the development strategy of the university. The best students should receive various bonuses (e.g. scholarships, grants, internships, etc.). In turn, customers that do not bring the efficiency, should be put out from the system. Thus, there remains a balance of customer needs and interests of the organization (i.e. the university). This work requires a systematic, intentional and organized activity of responsible persons.

Fourth. Personalization – the more personalized service offer provided to the client, the higher is its competitiveness on the market. At the same time the personification should not be taken literally. Each university acts in this respect in accordance with its capabilities. This is achieved by maintenance of databases that are already being actively implemented in universities.

Working with customers, in our opinion, should be carried out not only during their training in the higher education institution, but also at the stage of selecting the educational institution by the applicant and employment in the labor market. Efficiency of the work with applicants, potential consumers of educational services, students and graduates depends on how actively and systematically all the resources of the university and its structural units are being involved. At every stage of the customer relationships the range of services is expanding, the mutual relationships tightens and deepens, increases the importance of a client for organization and the quality of educational programs offered.

The main condition for the formation of customer-centric organizational culture of the university is to introduce the customer-centric philosophy in all divisions of the university (Rogers, 1996). This fact is explained by a systematic and planned work of all structural units of the educational institution (university administration, deans, department, human resources department, the economic department and others). The considered role model of the object of the educational process forms a three-tier customer-centric model of organizational culture of the university (see Figure 2).

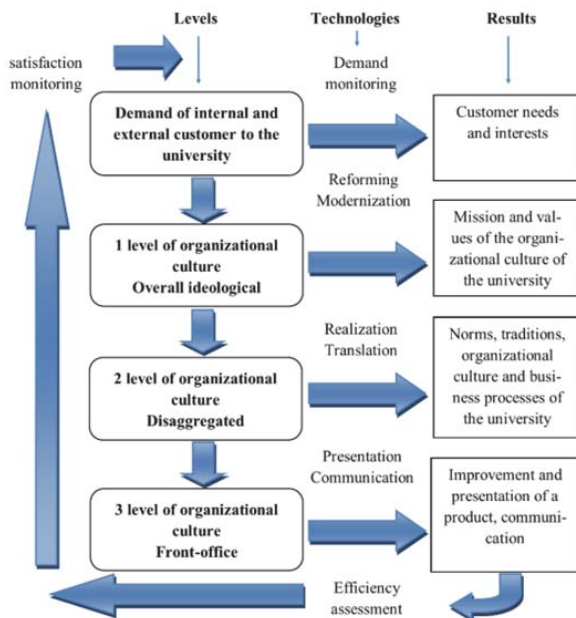


Figure 2. Three-tier customer-centric model of organizational culture of the university

The model reflects the relationships between objects internal and external environment of the higher education institution, their role in the process of selecting targets of the customer-centric technologies and customer-centric organizational culture of the university, showing the current level of technology and results.

Considering this model in the context of forming a customer-centric organizational culture, it is possible to make an assumption about the appropriate levels of customer-centricity to the levels of organizational culture (Schein, 1985), but we think the best is to relate the allocated levels to hierarchical positions of the ideological foundations of organizational culture: mission, values, norms and traditions.

The proposed model is the basis of forming a customer-centric organizational culture in terms of increased competition in the market of educational services, and thus the foundation for the creation of new diagnostic technologies, the formation and development of organizational culture in higher education institution. Thus, customer-centric organizational culture becomes an effective factor in the existence and development of the university, provides a potential stability and prosperity of the scientific community as a whole.

Based on the proposed customer-centric model of the organizational culture of higher education institution, authors have developed a diagnostic model of customer-centric organizational culture of the higher education institution. The model includes the role of objects of customer-centric technologies, levels of customer-centric organizational culture of the university, their reflection in the ideology elements of the organizational culture and performance indicators of customer-centric organizational culture, with the establishment of their relationship with the objects of diagnosis.

The main indicators of the customer-centric organizational culture of the higher education institution, in our opinion, are:

1. The degree of customer involvement in the organizational culture of the institution.
2. The degree of satisfaction of the internal and external customers with the organizational culture of the institution.
3. The effectiveness of the impact of institution's organizational culture on internal and external customers.

In order to verify the assumptions about the role of the student as part of the core of the educational system, and the students' perception of organizational culture as a customer-centric technology, we conducted a questionnaire survey among students of the universities located in the regions of Bedgorod, Kursk and Voronezh. A total number of 1500 student took part in the survey.

The first research question was directed to the perceptions and understanding of an organizational culture by the university students (Table 1).

Table 1. Students' understanding of organizational culture

What do you understand by organizational culture of the university?	%
values and traditions of the university	24.88
norms and rules of conduct	20.56
image and prestige of the university	6.30
all the above mentioned	48.09
no answer	0.17

As shown in the Table 1, most respondents (48.09%) define organizational culture as the values and traditions, rules and regulations, as well as the image of the university. Putting all components together (cultural, regulatory and demonstrative) enables to suggest the systemic perception of organizational culture by the students. However, at the same time, there is a fairly large group of respondents being orientated in the perception of organizational culture, either on cultural (24.88%) or regulatory (20.56%) components.

Most students define the orientation of the organizational culture of their university as external – “being focused on the main objectives and priorities for the development of the university” (46.60%) (see Table 2). However, quite a large number of respondents indicated the importance of external, demonstrative areas of organizational culture – “focus on the image and prestige of the university” (34.14%). In this case, as shown by the correlation analysis, the first orientation is most typical for technical universities, and the second – for the classic.

Table 2. Focus of the organizational culture of the university

What is the focus of the organizational culture of your university?	%
on the prestige of the university	38.14
on the main goals and development priorities of the university	46.60
on lecturers	4.31
on students	16.25
other	8.79

One of the main objectives set out in the framework of the study was the diagnosis of influence of the organizational culture on students' future career, their subsequent professionalization and labor adaptation (Table 3). According to the survey results, most of the students recognized the uniqueness of the influence of the organizational culture of the university in their professional future (67.66%). However, 25.37% of the students indicated the absence of such an effect. Correlation analysis showed a connection between the answers to the question of the development of the organizational culture and the recognition of the impact of students. Most of the negative response to this question indicated earlier stagnation or crisis of organizational culture at the respective university.

Table 3. Influence of organizational culture on the professional activity of students

What do you think, does the organizational culture of the university influence your future career?	%
yes of course	31.67
more likely than not	35.99
more likely no than yes	15.92
no	10.45
hard to tell	5.80
no answer	0.17

Students, who stressed the value of organizational culture in their future professional activity, were asked to specify influence (see Table 4). Most students indicate that the organizational culture will contribute to the development of their personal qualities, communication skills, self-discipline and responsibility in the future (46.27%), thus stressing the corresponding values in the parent culture of the university.

Table 4. Direction of the influence of organizational culture on the professional activity of students

If you think that the organizational culture will have an impact on your professional activity, in what way?	%
I do not think so	16.92
cohesion of the team	1.99
development of personal qualities, communication skills, discipline and responsibility	46.27
implementation of experience in the organization	9.78
no answer	25.04

Students perceive the implementation of customer-centric organizational culture of the higher education institution as addressing the interests and needs of its customers (43.93%), the implementation of training programs on customer-centricity and students (31.78%) and the regulations of the university reflecting its customer-centricity (17.76%).

Table 5. Main directions of the implementation of customer-centric approach in university

What has been the customer-centric organizational culture of your institution?	%
designed to meet the interests of the client (the student)	43.93
training and development programs aimed at changing the attitudes from focused on myself or process to be focused on the client	31.78
management and development processes of the university are regulated to be customer focused	17.76
selection of personnel considers motivational typology of of an individual and his ability to work with the client	5.61
no answer	0.93

However, at the same time, most of the students determine the organizational culture of the university as customer-centric to a certain extent (48.60%), only 26.17% replied in the affirmative, and 21.50% did not answer this question (see Table 6).

Table 6. Evaluation of the customer-centric organizational culture

Can you refer to the organizational culture of your higher educational institution as customer-centric?	%
yes of course	26.17
to some extent	48.60
hard to tell	21.50
no	3.74

This may well indicate the existing problem areas in the system of higher education – vocational training, on the one hand, and the fuzzy settings to prepare competitive specialists, on the other. Awareness of the relevance and importance of the practical orientation of the educational process, on the one hand, and the lack of a clear customer-centric mechanism on the other.

5. Concluding Remarks

The authors classify the university customers as internal and external. Internal customers are the university students, university professors, university administration and staff (i.e. employees) of the university. External customers of the higher education institutions are the applicants, parents and employers.

As part of establishing a customer-centric organizational culture of the higher education institution as a factor of effective social and economic development of the region, the authors suggest that the student is the main component of the educational process and the subject of formation and development a customer-centric organizational culture.

Research results enables the authors to develop a three-tier client-centric model of organizational culture of the university, which reflects the relationships between objects internal and external environment of higher education, their role in the process of selecting targets of client-centric technologies and the level of client-centric organizational culture of the university, showing the current level of technology and results.

As shown in the results of the study, the degree of customer involvement in the organizational culture of the university is quite high, since most of them are refer values and traditions, rules and regulations, as well as the image of the university as element of organizational culture. Combining cultural, regulatory and demonstrative components makes it possible to talk about the systemic perception of organizational culture by the students.

In determining the focus of the organizational culture of the university, most students define it as an external, aimed at the development of the main objectives and the priorities of the university. One third of respondents indicated the importance of external, demonstrative direction of the organizational culture of the university. This measurement parameter has a specific feature that depends on the orientation of the university – the first orientation is typical for technical universities, and the second – for the classic.

The effectiveness of the impact of organizational culture of the university on its internal and external customers has its peculiarities. Students recognize the uniqueness of the influence of the organizational culture of the university in their professional future, indicating the influence on the development of their personal qualities, communication skills, self-discipline and responsibility. Meanwhile, most of the students determine the organizational culture of the institution as being customer-centric to a certain extent.

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