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To cite this article: Laura McCann, Norman Hutchison & Alastair Adair (2022) Calibration of stakeholder influence in the UK higher education sector, Studies in Higher Education, 47:7, 1502-1523, DOI: 10.1080/03075079.2021.1916908

To link to this article: https://doi.org/10.1080/03075079.2021.1916908

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Published online: 21 Apr 2021.

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Laura McCanna, Norman Hutchison and Alastair Adair

Abstract

Over the last 20 years, the UK Higher Education sector has experienced a significant change to its funding base with a shift away from government funding, to operating within a highly competitive marketised environment. This shift has impacted the governance and management structures within the sector, with universities encouraged to adopt a more corporate and managerial style. Moreover, over this period, universities have evolved and adapted to social, economic, environmental and technological changes, necessitating a change in dialogue with the large number of internal and external stakeholders who influence Higher Education policy as well as university practices and operations. Adopting a Stakeholder and Resource Dependency Theory perspective, this paper seeks to calibrate the changing influence and importance of these stakeholders. The paper analyses a survey of 22 university secretaries (In the UK Higher Education setting, the university secretary is responsible for the effective governance of the university and for its professional services. In recent years, several UK universities have changed the title of this role from university secretary to Chief Operating Officer (COO), or to University Secretary and Chief Operating Officer, which is more common internationally.) conducted in mid-2020, and the results show that academic staff and students are seen as the most influential internal stakeholders as the quality of teaching and research is vital to the reputation and attractiveness of the university in a global market. Undergraduate home students are seen as the most influential student group due largely to the numbers enrolled, followed by international postgraduate taught students, an outcome consistent with resource dependency theory. UK and devolved governments (Devolution occurs when a central government delegates power to a region, providing it with autonomy to make legislation relevant to the area, whilst keeping it under national control. In the UK, devolved powers were granted to Scotland, Wales and Northern Ireland from the UK Westminster Government following referenda in each region in the late 1990s. The devolved governments of Scotland, Wales and Northern Ireland have control over a wide range of policy areas and have the authority to pass their own legislation in relation to them. One such devolved policy area is education. Other devolved policy areas include health services, law, and the environment.) are seen as the most influential external stakeholder reflecting their role in university funding and in setting Higher Education policy and regulation, an influence that has increased over the past two decades. The influence of financial stakeholders has also grown over the past two decades.
Introduction

UK Higher Education is recognised as a global success story reflecting a long history of strong academic communities with extensive stakeholder engagement. Despite this, however, the sector has experienced almost constant change over the past two decades with the trebling of tuition fees in England and differential funding regimes in the UK devolved administrations regarded as the most significant of these reforms (McCann, Hutchison, and Adair 2019).

For full-time undergraduate (UG) students at university, there is a wide variation in the total level of resource per student in terms of tuition fees and government support. In England, students pay tuition fees of £9,250 p.a. largely supported by loans from the government. Universities in Scotland are not allowed to charge fees to Scottish based or EU students but instead receive funding from the Scottish government, which varies by subject, but averages around £5000 p.a. per student. Students from the rest of the UK who wish to study in Scotland are charged up to £9250 p.a. for tuition fees. In Wales, home students can be charged up to £9000 p.a. in tuition fees but means-tested maintenance grants and tuition fee loans are available. In Northern Ireland, tuition fees for local and EU students are limited to £4395 p.a., with the balance in funding, compared to fees in England, provided by the Northern Ireland Executive.

International undergraduate tuition fees vary considerably from £10,000 p.a. for humanities and social science degrees to £38,000 p.a. or more for medical degrees (Reddin Survey of University Tuition Fees 2020). Attracting international students to study at UK universities is therefore highly lucrative in bolstering university finances.

The divergent UK funding models have produced significant differences in the financial strength of the universities and the level of funding received per student. Universities Scotland estimated that in comparison to English universities, Scottish universities face a funding gap of approximately £202m per year in comparison to English universities, providing English universities with a competitive advantage in being able to attract the best students and academic staff (The Guardian, 2016). Austerity measures have meant that Northern Ireland universities over the past six years have received on average £1500 per student less than a comparable university in England, a funding gap of over £250m.

In addition, the differential funding model exists at a time when the UK government has allowed an increase in the supply of student places. The removal of the cap on the number of students that can be recruited by universities in England and Wales, introduced in 2015/16, has significantly increased the competitive nature of the market to attract UK students. In contrast, the student cap remains in place in Scotland and Northern Ireland for local students.

The need to generate additional finance has resulted in increased competition for local and overseas students and as student debts mount there is increasing clamour for clarity on the role of universities, their relationship to government and other stakeholders, and whether they are fit for purpose and provide value for money. In this scenario, the influence of both internal and external stakeholders has grown in importance. Student expectations have increased regarding the value of their programmes and in a highly competitive marketised environment impacts directly on the attractiveness and reputation of universities, and indirectly on external perceptions across government, business, local and international stakeholders.

The impact of Brexit and COVID-19 has magnified uncertainty around the security of future income streams. Competition to recruit UK home students is likely to intensify in a post Brexit environment if demand from EU students declines. In Scotland and Northern Ireland, the post-Brexit scenario is particularly challenging given that the devolved administrations currently pay the undergraduate fees of EU nationals studying there.

The potential huge impact of COVID-19 on Higher Education globally is steadily emerging. Restrictions on international travel and campus lockdowns have seen classes move online with a potentially devastating impact on university finances. Sydney, Melbourne, UNSW and Monash, four of Australia’s
leading universities, rely on foreign students for a third of their income. Within the UK, 72% of the London School of Economics (LSE’s) students are international (THE 2020) and the Institute for Fiscal Studies expects losses at English universities to amount to over a quarter of their annual income (The Economist 2020).

A further impact of COVID-19 is the likelihood that there will be an even higher number of first-year entrants to UK universities in 2020 following the government U-turn on A-level examination grade awards and the acceptance of teacher/centre-assessed grades (examinations were not held in 2020 due to COVID-19 and are not scheduled for 2021) resulting in some institutions having much bigger intakes than planned. In addition, the adverse impact of COVID-19 on employment and the jobs market may push more school leavers into Higher Education than in recent years. This will undoubtedly lead to increased costs especially for in-person teaching on campus where social distancing regulations apply. Indeed, with on-campus teaching capacity significantly restricted, universities are being forced into renting additional space off campus to ensure that their promise for some face-to-face teaching actually takes place. Consequently, Universities UK is seeking significant financial support from the government to help stabilise university finances (The Guardian 2020).

The outworking of this increasingly competitive market was explored by McCann, Hutchison, and Adair (2019) in terms of the significant capital investment by a number of universities on major building works to maintain and grow student numbers, with state-of-the-art teaching space, halls of residence, student union buildings and sport facilities being constructed. While some of the funding has been supported by the rise in tuition fee income, universities have also used a range of funding options including bonds and loans to finance the expenditure, predicated on continuing levels of income to support the servicing of debt.

Political concerns regarding the value for money and levels of debt accrued by students on tuition fees in England, among the highest in Europe, led the previous Conservative administration to commission the Augar Review which recommended in 2019 that tuition fees in England should be cut to £7500 per annum. While such a policy change has yet to be implemented it nevertheless contributes to further local uncertainty regarding university income streams going forward at a time when the sector is facing its greatest challenges at a global level.

Adopting a Stakeholder and Resource Dependency Theory perspective, the aim of this paper is to explore how the role of both internal and external stakeholders has become an increasingly important consideration for policy and practice in the governance and management of UK universities as these institutions have sought to diversify their income sources including a greater dependence on both local and international students to meet mounting funding challenges.

The remainder of this paper is structured as follows. Section 2 contains a critical review of the literature comprising an overview of changing university governance/management structures and Stakeholder and Resource Dependency Theories. Section 3 outlines the research design followed by results and analysis in Section 4. Section 5 provides a summary and presents conclusions from the research.

2. Literature review
2.1. University governance and management structures

The reform of university finance in England and the UK devolved administrations, over the decade together with a raft of strategic and managerial incentives is seen by Shattock (2013) as the principal driver of radical change in the UK Higher Education sector. The decline in the proportion of government funding, a greater reliance on student fees and the removal of the cap on student numbers has resulted in a greater marketisation of Higher Education resulting in increased competition between institutions and also greater uncertainty regarding the sustainability of future funding. The outcome is a growing centralisation in institutions especially for financial decision-making which, allied to a
wider and more unstable policy environment, has reduced the role of governance while enhancing that of leadership and management.

In an analysis of UK university governance and management spanning four decades, Shattock (1999, 2013) argues that the instability in the Higher Education external environment has witnessed an acceleration of the rate of change over the past decade and the growth of a more centralised corporate managerial culture in contrast to traditional university governance. The early 1990s model in which a broadly unified university system was split between pre-1992 research-intensive universities and post-1992 primarily teaching institutions, has been followed by two waves of ‘new universities’ following the award of the title to much smaller institutions. In addition, the growth of private universities and university campuses overseas has led to a much more diversified UK university sector (Shattock 2013).

Shattock writing the Foreword in Rowlands (2017) notes the 1985 Jarrett Report call to governing bodies to ‘reassert themselves’ and for vice-chancellors to be recognised as chief executives. Whereas Senate was the beating heart of traditional UK universities, the granting of university status to polytechnics in 1992 saw the transfer of executive power to the head of the institution and senior executives. In the strongly neoliberal post-Thatcher climate at that time, this translated into a highly hierarchical constitution in which academic boards were stripped of a formal role in contributing to the institutional strategy which was firmly located in the powers of a chief executive and a governing body.

The Lambert Report in 2003 saw government pressure to encourage university governing bodies to behave more like company boards. The general weakening of internal corporate commitment has undoubtedly been reinforced by reorganising academic structures (Shattock 2013). The creation of a range of executive posts at the dean or pro-vice-chancellor level has weakened the engagement with policy formation and the exercise of decision-making of the traditional university senate. This movement was given added encouragement by the external pressures imposed by quality assurance machinery, the demands of the Research Assessment Exercise/Research Excellence Framework and by the pressures on performance demanded by the plethora of institutional league tables.

The degree to which New Public Management (NPM) has been adopted in UK universities is the subject of a study by Du and Lapsley (2019). In comparison with the experiences of Australian and Swedish institutions, they find that UK universities are leading-edge NPM adopters and may be unique in the intensity of their adoption of new management practices, in particular the importance of budgets and performance management. The significance of the former is seen as the defining reference point in reshaping public services. In fact, they find that there is no evidence that senior managers assert fundamental academic values of professional autonomy, academic freedom and democratic values, nor do they challenge the NPM regime. They conclude that UK universities are so absorbed in, and by, NPM practices that the concept of the hybrid academic who straddles both academic subjects and management activities, such as Heads of Subject Groups, do not have a voice, power or influence. They also point to a ‘dark side’ of ‘muscular management’ with aggressive performance management in public services based on metrics, targets and results-based assessment. They conclude that in UK universities NPM practice is ‘… embedded, irreversible, taken for granted, and the natural order for the contemporary university, both in new (post-1992) universities and in traditional universities’ (478).

Rowlands (2017) argues that the special nature of universities’ academic work means that some of the governance processes and practices that have evolved within them are unique and thus it is important to distinguish between corporate and academic governance. The former involves the steering and oversight of strategic, financial and management directions, while academic governance can involve the oversight of teaching and research, and the establishment and protection of quality and standards. In UK universities, there is a broad model of corporate governance undertaken by an overarching governing body or council, and academic governance by the academic board or senate, however within contemporary universities worldwide boundaries between decision-making bodies are blurred and contested (Middlehurst 2013). Rowlands (2017, 35) notes that the US
Association of Governing Boards is ‘seeking to include more ‘stakeholders’ in governance processes and accord[s] faculty only a subsidiary role as one amongst many interested parties’.

The participation of students in university governance in some universities may amount to little more than the representation of service-users on user committees, however, student participation may be quite extensive, involving concepts of students as stakeholders in which they have a strong sense of ownership of the university. Rowlands (2017) argues that consistent with entrepreneurialism, such exchanges tend to be adaptive rather than prescribed, with stakeholders as partners involved in the design and development of a programme or where products are constantly evolving to meet demand.

The rapid changes in the operating environment of UK universities have led to two related levels of tension in the sphere of university governance and the role of influencers (see Fulton 2002; Rowlands 2017). The first of these relates primarily to the role of external influencers, the place of universities in the wider environment and ‘the balance of power, authority and accountability to be exerted over the system of Higher Education as a whole’ with regard to the relationship between universities, the state and various stakeholders. The second level of tension revolves ‘around the balance between working academics, “managers”, “governors” and other stakeholders’ and their respective “roles and responsibilities”, who constitutes each group “and how responsive they are, or should be, to external and internal influences” (Rowlands, 2017, 203).

Rowlands (2017) further argues that these tensions arise in part from the changing external environment of how knowledge is understood in contemporary society. Universities are seen as key contributors to the knowledge economy and as providers of skilled knowledge workers. Yet even in this role, there is increased competition as universities are no longer seen as the only places where new knowledge and expertise is generated.

The implementation of corporate governance practices within universities, commencing in the 1980s, was both a consequence of new public management and government intervention to promote managerial governance which was seen as more efficient compared to traditional university governance. This resulted in a concentration of power at the highest levels of administration and reducing the role of academics to only one of many stakeholders. In addition, members of university governing bodies were increasingly drawn from the business, financial and legal professions, and from state legislatures in the case of the US state universities, were considered to play a key role in increasing the responsiveness of universities to their external environments (Rowlands 2017).

In an analysis of UK university governance, Middlehurst (2013) argues that current university corporate governance and management models are no longer fit for purpose. Traditional models of university governance were invented during the 1900s and reflect manufacturing businesses which are now wholly ‘inappropriate and inadequate to meet the challenges of the era of globalisation and the knowledge, communication and information revolutions’ (2). She argues for a reinvention of management within twenty-first century universities to take advantage of advances in information and communications technology, new business processes, the professionalisation of both academic and support functions and the orientation of twenty-first century higher education institutions towards clients, customers and stakeholders through networks of relationships, partnerships and alliances.

In a similar vein, Waring (2017) argues that the model of top-down, performance-led management that characterises many institutions is both outmoded and ill-suited to the challenges of an increasingly turbulent higher education sector. Shattock (2013) agrees and argues that the business of piloting a university through the uncertainties and volatilities of the present policy environment and assessing the home and overseas tuition fee market on which institutional financial stability is based, is proving to be beyond the capabilities of governing bodies that are becoming entirely dependent on their executives.

Middlehurst (2013) argues that universities need to re-think their relationship with stakeholders and re-engineer their internal governance. The academic drivers of research and enterprise (including large-scale collaborations across countries and regions, links to business, community,
government and public sector, as well as the academic drivers of teaching and learning) also point towards the need for more than evolutionary and incremental change, for many if not all universities.

2.2. Stakeholder theory

Based on the earlier work of Freeman (1984), stakeholder theory is a useful tool in evaluating the effect that individuals or groups of individuals, within or outside an organisation, have on institutional behaviour. Its use as a way to explain the relationship that universities have with their respective communities is advocated by a number of authors (see, for example, De Wit and Verhoeven 2000; Jongbloed, Enders, and Salerno 2008; Alves, Mainardes, and Raposo 2010; Falqueto et al. 2020).

Universities have multiple objectives and whilst the main functions are teaching, research and knowledge transfer, the modern university is also expected to make a contribution to regional development, the latter referred to by Jongbloed, Enders, and Salerno (2008) as their ‘third mission’ (312). The degree to which the ‘third mission’ is integrated into daily academic routines and practices at all levels is variable as universities and academics tend to prioritise their established missions of teaching and research (Fonseca 2018). Whilst the focus on the third mission and organisational support structures (technology transfer office and technology platforms) are important in shaping the relationship of the university to the region, Fonseca finds a mismatch between rhetoric and actual practice. Often, in contrast to teaching and research, there is an absence of a clear overarching strategy for the third mission, leaving few incentives for academics to engage. Instead, the dominant discourse is focused on producing marketable outputs in line with NPM. The importance of engaging with the third mission is often poorly expressed to academics, who prioritise other activities.

In consequence of the broad range of activities that UK universities are engaged with and the public nature of some of their funding, which brings with it public responsibility, the range of stakeholders is diverse, both in terms of geography, interest and whether the relationship is formal or informal, direct or indirect. For example, as discussed in Section 1, as funding challenges have magnified, most universities aspire to attract high fee-paying international students at undergraduate and postgraduate level, while also supporting a localism agenda and thus the community of stakeholders in the field of student recruitment can be local, national and international. Moreover, much of the interaction among the scientific community tends to be borderless and academics have their own informal networks of contacts in their discipline which are often based in institutions across the world.

While the identification of the full list of stakeholders for the Higher Education sector can be challenging (Alves, Mainardes, and Raposo 2010), there appears to be some agreement that the key stakeholders of UK universities include; registered and prospective students, alumni, the scientific community, central government, devolved administrations, local government and its various departments including town planning, academic and support staff, the Office for Students, National Union for Students (NUS), businesses, research foundations, investors, lenders, donors, Universities Superannuation Scheme (USS) and the local residential community. Table 1 provides a list of stakeholders to the sector and provides an overview of the differing interdependencies between stakeholders, outlining how different stakeholders are interdependent. Wolfe and Putler (2002) suggest that there is often significant heterogeneity in the views, roles and influence of the various stakeholders and this requires different approaches to be adopted by the university in their stakeholder interaction. Furthermore, it is accepted that each university will have its own particular set of stakeholders depending on their underlying strengths and weaknesses, teaching programmes, research specialisms and recruitment markets (see Burrows (1999), Jongbloed, Enders, and Salerno (2008) and Alves, Mainardes, and Raposo (2010)). According to Frooman (1999), each stakeholder chooses distinct strategies to influence decisions, either influencing resources themselves or the outcomes produced by such resources and universities need to recognise such influence and act appropriately to manage the outcomes. The influence that a stakeholder wields on a university may wax or wane
over time (Alves, Mainardes, and Raposo 2010) and this requires the university to regularly review their operations and recalibrate the relative importance of each stakeholder in order to adopt strategies to manage that relationship, to ensure the long-term health of the institution (see Massen 2000; Benneworth and Jongbloed 2010; Falqueto et al. 2020). The need to recalibrate stakeholder influence has perhaps never been so urgent given the effect that the current COVID-19 pandemic has had on institutional operations and finance.

In order to understand and classify stakeholders’ influence on organisation decision making, Mitchell, Agle, and Wood (1997) distinguished three defining attributes of stakeholders influence as power, legitimacy and urgency, with the outcome representing a typology of stakeholders and their degree of salience. In creating this typology, where a stakeholder has one of the three attributes they are classified as latent stakeholders, where they have two attributes they are considered as expectant stakeholders and where all three attributes are present they are classified as definitive stakeholders. The salience of the stakeholder rising from low to moderate to high, as more attributes are present. The government, in all its myriad departments and agencies, is often cited as an example of a definite stakeholder. This typology has been used in the study of Higher Education in recent years by Benneworth and Jongbloed (2010), Ian and Hjortso (2019) and Falqueto et al. (2020), in UK, Africa and Brazil, respectively.

However, Falqueto et al. (2020) point out the limitations of this model reflecting that as the decision on whether or not a stakeholder has the attributes of power, legitimacy and influence is
a binary one, the model only acknowledges the presence of an attribute but not its strength or ranking and this lack of calibration limits the effectiveness of the model. In extremis, a stakeholder could have all three attributes but only at the weak level and while classified as a definitive stakeholder under the model headings, would possibly rank significantly below others in that category. Alves, Mainardes, and Raposo (2010) also comments that while students are the most studied stakeholder, followed by academic members of staff, there is a lack of classification ranking their respective level of importance. The ambition of this paper is to fill this research gap by attempting to calibrate the level of stakeholder influence using a Likert scale, recognising that no stakeholder holds a static position and the level of importance may change over time in response to the external and internal environment. As universities have evolved and adapted to social, economic, environmental, political and technological changes over the last 20 years, understanding the trajectory of specific stakeholder influence over time, and why this has changed, is also a research objective.

2.3. Resource dependency theory

While stakeholder theory is useful in identifying the list of stakeholders and their relative importance in shaping organisational strategic planning, there is a valid argument that it does not fully explain why stakeholders have the relative influence that they are perceived to have. In response, De Wit and Verhoeven (2000) argue for the adoption of a theoretical perspective that includes neo-institutionalism and resource dependency theory in explaining the changing role of stakeholder involvement in the university sector.

Resource dependency theory has its origins in the seminal work of Pfeffer and Salancik (1978) in which organisations are considered as open systems which are constrained and affected by the environments that surround them. Such are the levels of constraint and influence organisations are forced to act in order to manage the resource dependencies. Hillman, Withers, and Collins (2009) review the application of resource dependency theory and note that it has a long history of integration with other theoretical perspectives to explain organisational interdependencies. The two theories overlap as both embrace the concept of power and recognise the need to appropriately manage the organisations external and internal resources in whatever form they may take. While resource dependency theory does not specify which dependencies take precedence over others, it does go some way to explaining the influence that external factors have on organisational behaviour and the need for managers to act to reduce uncertainty and dependence. For example, over the last decade, UK universities have identified a need to diversify their income sources and developed a dependency on international students, which to turn into a realisable income stream requires the support of external stakeholders (e.g. government immigration rules, work visa policy, National Health Service (NHS), accommodation providers) and are thus constrained by a network of interdependencies. In Table 2 we construct a matrix of stakeholder interdependency. We base our list of stakeholders on the work of Burrows (1999) and Jongbloed, Enders, and Salerno (2008), but update the list of stakeholders to reflect the current context adding the following stakeholders: Universities and Colleges union (UCU) and other campus unions, Universities Superannuation Scheme (USS) and other pension providers, student bed providers and the NHS. Once combined, the two theories have improved explanatory power: stakeholder theory revealing the relative importance of the stakeholder and resource dependency theory the degree of interdependency and uncertainty.

In advocating the analysis of university stakeholders through the lens of a neo-institutional perspective, De Wit and Verhoeven (2000) highlight the importance of the institutional environment, being defined as the rules, expectations and understandings shared by the society within which organisational behaviour has to conform. They also emphasise the importance of the internal structure of an organisation and its sub-units and their role in organisational change processes, commenting that each sub-unit will use its power to improve its resource dependence. University structures are traditionally made up of colleges, faculties, schools and departments often with their own values,
Table 2. Matrix of stakeholders and stakeholder interdependency in the higher education sector.

| Academic Staff | Support Staff | UG Home students | UG International students | PGT Home students | PGT International students | PGR Home students | PGR International students | UK government | Devolved governments | Office for Students | NHS | Alumni | UCU + other campus unions | USS or other pension providers | UKRI | Charity research foundations | Student ‘bed providers’ | Donors | Lenders | Investors | Local business | Chamber of Commerce | Local residents – community |
|----------------|---------------|------------------|--------------------------|------------------|--------------------------|------------------|--------------------------|--------------|-----------------------|--------------------|-----|--------|-------------------------|-----------------------------|------|---------------------------|-----------------------|--------|---------|----------|-------------------|-----------------|---------------------------|
| UG Home students | x             | x                |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| UG International students | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| PGT Home students | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| PGT International students | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| PGR Home students | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| PGR International students | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| UK government | x | x | x | x | x | x | x |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Devolved governments | x | x | x | x | x | x | x |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Local Authorities | x | x | x | x | x | x | x |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Office for Students | x | x | x | x | x | x | x |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| NHS | x | x | x | x | x | x | x |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Alumni | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| UCU + other campus unions | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| USS or other pension providers | x | x |                          |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| UKRI | x | x |                         |                  |                          |                  |                          |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Charity research foundations | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Student ‘bed providers’ | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Donors | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Lenders | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Investors | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Local business | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Chamber of Commerce | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |
| Local residents – community | x | x | x | x | x | x | x |                         |              |                       |                    |     |        |                         |                             |      |                          |                       |        |          |          |                   |                 |                           |

Note: This table presents a matrix overview of the interdependencies between stakeholders in the Higher Education Sector. All abbreviations are defined in Table 1. Source: Authors.
routines, traditions and professional requirements, a combination which tends to create uneven power distributions with resultant power struggles as each group seeks a larger share of the limited resource. The strength of some of these internal structures can have a significant impact on how a university responds to external stakeholders.

While stakeholder theory gives us the analytical structure, resource dependency theory explains why particular stakeholders are more influential and neo-classical theory describes the institutional environment and rules within which engagement takes place, less is known on how the university interacts with its various stakeholders. While such examination is not the key focus of this paper, some comment is worthwhile following discussions with policy advisors at the authors’ respective home institutions. If in broad terms stakeholder engagement could be classified as either statutory or non-statutory based, and if the latter either formal or informal, anecdotally it would appear that much engagement is informal and has grown over the years through custom and practice. For example, the manner and conduits by which a university engages with the local community, chambers of commerce, local authorities, donors and lenders have often grown through personal contacts and relationships. While relationships with central and devolved government are more likely to be formal, especially in the area of accountability for public finance received by the university and regulatory requirements such as quality standards and access, universities do seek to influence policy by courting informal relationships with local MPs, MSPs, MLAs and MSs in order to build parliamentary ‘champions’, who can be called on should they be needed to raise questions or issues relating to the university in Parliament. Formal channels of engagement do exist on a parliamentary level, often achieved through the work of committees. Responding to consultations, for example, gives institutions a voice when it comes to the scrutiny of government policy. Working groups are also set up by the government to consider immediate issues, an example being the Higher Education Ministerial Leadership Group which was set up in March 2020 by the Scottish government, to deal with the COVID-19 situation and plan the recovery phase.

When dealing with government and its agencies, recognition is given to the power split between the UK government and devolved administrations, with the former dealing more with what was described as ‘soft power’ issues such as rules relating to Home Office migration policy and general accessibility to the UK higher education sector by international staff and students, as well as Treasury decision making, such as funding to UK Research and Innovation (UKRI). Universities seek to influence these discussions either through direct representation or through their network of contacts.

3. Research design

3.1. Research design

We employ a qualitative approach and conduct a survey of UK universities during the summer of 2020 to examine and rank the salience of stakeholders on Higher Education policy and strategy from a university senior management perspective.

As discussed in Section 2.2, Mitchell, Agle, and Wood (1997) distinguished three defining attributes of stakeholders’ influence as power, legitimacy and urgency, with the outcome representing their degree of salience. In reviewing the relevance of these three defining attributes, there was concern that simply replicating this terminology was not appropriate to the Higher Education sector. That said, there was no dispute that ascertaining the legitimacy of a stakeholder to the discussion is perhaps the first step to determining their salience, so that attribute was retained in this research. The issues lay in the appropriateness of using the terms ‘power’ and ‘urgency’ in what is predominantly a charitable sector, with reduced levels of formal external governance. There is much discussion in the literature over the difference between power and influence and their interconnectedness (see, e.g. Wrong 1979; French and Raven 1968), while Willer, Lovaglia, and Markovsky (1997) consider ‘how power produces influence and how influence produces power’ (571). While
undoubtedly the concepts of power and influence overlap and the words are often used interchangeably, in the view of the authors the term power is often associated with connotations of structural mandated authority, whereas the term influence is perhaps more all-embracing and encompasses both formal power and authority, and the informal way in which stakeholders affect the attitudes and opinions of those involved in an organisation. As it is the intention to capture the salience of all who impact upon Higher Education policy and practice, the term influence is used in this research.

The attribute ‘urgency’, which infers the ability to enforce quick action, also did not seem appropriate as a key measure of stakeholder salience to the HE sector. Rather, it was felt worthwhile considering the degree of importance of stakeholders who, while not influential in HE policy formation, were viewed as being essential to maintaining a working relationship, those whose presence ‘around the table’ help to ensure that the numerous moving parts of an organisation as complex as a university, work efficiently towards the goal of excellence in teaching, research, knowledge transfer and regional development. Thus, the three attributes calibrated in the survey as measures of salience in the HE sector were legitimacy, influence and importance.

3.2. Survey design

As noted in Section 2.3, we base our list of stakeholders on the work of Burrows (1999) and Jongbloed, Enders, and Salerno (2008). Following Amaral and Magalhaes (2002), we then categorised each stakeholder as being an internal stakeholder (the academic community comprising academic and professional services staff, and students) or an external stakeholder (groups with interest in the Higher Education sector) as outlined in Table 1. A five-part Likert Scale was used with a score of 5 indicating a very high response and a score of 1 negligible.

The survey asked the respondents to:

(a) State whether the named stakeholder is viewed as a legitimate stakeholder within the Higher Education sector (yes/no).
(b) Rank the relative influence of the stakeholders within the Higher Education sector as of June 2020.
(c) Rank the relative importance of the named stakeholder within the Higher Education sector as of June 2020.
(d) Reflect on whether the level of influence of the named stakeholder had increased, decreased or stayed the same since 2010 and also asked the same question with a reference date of 2000.

Prior to the launch of the full survey, a pilot study was conducted with Ulster University to verify the veracity of the list of stakeholders, which was then edited as required prior to sending it out to universities.

3.3. University survey

Following the approach of McCann, Hutchison, and Adair (2020) who surveyed university secretaries to examine the factors that affect the provision of student accommodation, we initially planned to use two methods to deliver the survey. We planned to post a hard copy of the survey to each university secretary with a provided stamped addressed envelope and then send an online version of the survey to each university secretary by email to encourage a response from those who had not responded to the initial hard copy survey. However, as a result of the COVID-19 pandemic, UK University campuses had closed, and staff were working off campus and unable to receive any mail by post. Therefore, we sent an online version of the survey to each university secretary by email asking them to respond within four weeks. After four weeks, a follow-up email was sent to those universities
that had not yet responded to maximise the response rate. This was the approach used by McCann, Hutchison, and Adair (2019) in their survey of university finance directors.

We received 25 survey responses in total, representing 15.82% of the population, which is consistent with the response rate of 16% that McCann, Hutchison, and Adair (2019) obtained in their 2018 survey of Finance Directors but lower than the response rate of 41.77% that McCann, Hutchison, and Adair (2020) obtained in their 2019 survey of university secretaries. Of the 25 responses, three university secretaries responded that whilst they would have normally responded to the survey, they were unable to do so due to limited capacity as a result of the pressures that COVID-19 had placed on their workload. Given the timing of the survey, the authors believe this to be a satisfactory survey result.

4. Research results and analysis

As noted, 25 survey responses were returned, representing 15.82% of the population. Of the 25 respondents, 3 universities did not proceed with the survey. Therefore, the survey results are based on 22 responses, representing 13.92% of the population. More than half of the respondents (14) were universities based in England, 6 respondents were universities based in Scotland, 1 from Northern Ireland and 1 from Wales. 7 (15) respondents were Russell Group (Non-Russell Group) universities and 16 (6) universities were pre-92 (post-92) universities providing us with a range of different types of universities answering our survey. Whilst the survey was a ranking based survey, we did receive some supplementary notes from respondents which we note as appropriate.

4.1. Legitimacy

First, we asked respondents to confirm whether or not the named stakeholders are legitimate, or valid, stakeholders within the Higher Education sector. As shown in Panel A of Table 3, all universities agreed that all groups of staff and students were legitimate stakeholders to the sector. Whilst almost all named external stakeholders were viewed as legitimate stakeholders to the sector, it was noted that the legitimacy of specific stakeholders is limited in some cases to one primary concern by several respondents. For example, the NHS was viewed as being legitimate stakeholders for health disciplines only, student bed providers were viewed as being legitimate stakeholders on issues surrounding student accommodation only and the USS was only viewed as being legitimate stakeholders on issues that concern pensions.

A small number of universities did not perceive that local authorities, the chamber of commerce, trade unions, student bed providers or investors and donors to be legitimate stakeholders. We looked at each university that did not class each stakeholder as ‘legitimate’ to try to understand the possible reasons why that stakeholder was not viewed as a valid stakeholder. One small post-92 university did not view many of the external stakeholders such as the local authorities, pension providers, bed providers and lenders and investors as being legitimate stakeholders. This university had only a small amount of debt outstanding as per their 2019 annual report, does not offer any student accommodation, leaving the provision of student accommodation to third party providers, and does not contribute to the USS pension scheme but did provide a pension offering to staff which was in deficit. It is unclear why this university and 2 others (in total, 2 English universities and 1 Scottish university) did not view their local authorities as being legitimate stakeholders especially given all three have their main campuses located in city centre locations.

4.2. Influence of stakeholders

Whilst Table 3 illustrates that the named stakeholders were viewed as legitimate to the sector, different stakeholders can have different levels of influence. Therefore, we asked respondents to rank the influence of different stakeholders from 1 (negligible) to 5 (very high). Table 4 ranks the
influence of internal and external stakeholders from largest to smallest. Table 5 presents an overview of how the universities ranked the influence of each stakeholder from very high to negligible. Table 6 provides an overview of how the influence of each stakeholder has changed over the last 10 and 20 years.

Academic staff and home undergraduate students were ranked as the most influential internal stakeholders (with an average of 4.41 out of 5), whilst support staff were viewed as the least influential (3.64). Ninety-five per cent of respondents noted that academic staff had high or very high influence, but only 50% agreed that support or professional services staff had high or very high influence. Indeed, almost one-fifth of universities noted that support staff had low influence, but the consensus was that the level of influence of professional services staff had increased over the last two decades.

Given that higher education is increasingly customer focused (Rothschild and White 1995), it is not surprising that students are viewed as an influential stakeholder to the sector. However, there are differences in the influence of different student groups. The influence of students is clearly determined by the fees that universities can extract from different student groups. Undergraduate home students were viewed as being the most influential student group in terms of policy making (with an average of 4.41 out of 5) perhaps due to the number of home undergraduate students enrolled in UK universities, followed by the traditionally high fee-paying international postgraduate taught students (4.09 out of 5). Postgraduate research students (3.86 out of 5) were viewed as having the least influence, perhaps due to the lower number of these students, but nevertheless viewed as having a degree of salience to the sector. As the fees that universities have been able to charge have increased over the last two decades, we find that the influence of fee-paying students, particularly international postgraduate taught students, has increased.

A Friedman Test was conducted to test whether university secretaries rate particular internal stakeholders as being more influential than others. Looking first at internal stakeholders, we find a
statistically significant difference in the level of influence that university secretaries place on the different internal stakeholders \((Q(7) = 24.4017, P = .0010)\). Looking more closely at different subsets within the group of internal stakeholders we find that university secretaries rank academic staff as being more influential than support staff \((Q(1) = 12.0000, P = .0005)\) and some evidence that university secretaries rank the influence of different groups of students in a statistically different way \((Q(5) = 10.2870, P = .0675)\).

Turning our attention to external stakeholders, the highest-ranked external stakeholders were the UK government (4.64 out of 5) and devolved governments (4.00 out of 5), with 86% stating that the UK government and 72% stating that devolved governments were viewed as having high or very high levels of influence to the sector. This result perhaps reflects governments becoming increasingly concerned with improving the provision of Higher Education at a national and devolved level (Jongbloed, Enders, and Salerno 2008). However, in contrast, the local authorities in which the universities are located were generally viewed as having low influence (2.86 out of 5). Consistent with the university sector becoming more regulated and increasingly the centre of political debate, over the last two decades, two-thirds of universities (68% of universities) considered the level of influence that the UK government (devolved governments) had on the sector had increased. In particular, two respondents, one English university and one Scottish university, noted that the Scottish government are highly influential to the university sector in Scotland. COVID-19 has seen universities at the centre of the political debate regarding students on campus and student residences.

UKRI which works in partnership with various bodies to help create an effective and valuable research environment were viewed as the most influential non-government external stakeholder. Surprisingly, however, the influence of the UKRI does not depend upon whether the university is a pre-1992 university which is typically a research-active institution or a post-1992 university

| Table 4. Ranking of stakeholder influence. |
|--------------------------------------------|
| **Panel A: internal stakeholders**          |
| Academic Staff                             | 4.41 |
| UG Home students                           | 4.41 |
| PGT International students                 | 4.09 |
| UG International students                  | 4.00 |
| PGT Home students                          | 3.95 |
| PGR Home students                          | 3.86 |
| PGR International students                 | 3.86 |
| Support Staff                              | 3.64 |
| **Panel B: external stakeholders**         |
| UK government                              | 4.64 |
| Devolved governments                       | 4.00 |
| UKRI                                       | 3.86 |
| UCU + other campus unions                  | 3.68 |
| Office for Students                        | 3.59 |
| USS or other pension providers              | 3.36 |
| NHS                                        | 3.23 |
| Charity research foundations               | 3.14 |
| Lenders                                    | 3.09 |
| Local residents – community                 | 2.91 |
| Local Authorities                          | 2.86 |
| Alumni                                     | 2.86 |
| Donors                                     | 2.86 |
| Investors                                  | 2.59 |
| Local business                             | 2.45 |
| Student ‘bed providers’                     | 2.36 |
| Chamber of Commerce                        | 2.00 |

Notes: This table presents the average ranking of stakeholder influence for each stakeholder, ranked from most influential to least influential. Ratings are based on a scale of very high influence (5) to negligible influence (1). Panel A presents the results for internal stakeholders. Panel B presents the results for external stakeholders. All abbreviations are defined in Table 1.
which is typically a teaching-based institution. The average level of influence of the UKRI was 3.86 out of 5 for all institutions and 3.88 out of 5 for pre-1992 institutions.4

Financial stakeholders such as lenders (3.09 out of 5), donors (2.86 out of 5) and investors (2.59 out of 5) were viewed as having low to moderate levels of influence to the sector, but there was consensus that over the last couple of decades that the influence of financial stakeholders had increased. Since 2010, over three-quarters of respondents considered that the influence of lenders had increased, over two-thirds that the influence of donors had increased (although this was limited to only the very generous donors and that beyond these individuals, donors had little influence), and more than half of respondents considered that the influence of investors had increased. This suggests that as the funding gap for universities has grown due to a decline in public sector funding, universities have had to seek external financing to fill funding gaps (McCann, Hutchison, and Adair 2019). It was noted by one respondent that whilst prior to the current COVID-19 pandemic lenders were not particularly viewed as being influential to the sector, that in a period of great financial uncertainty the government are mindful of how lenders may react to universities that face financial difficulties.

More than half of universities (55%) deem the Office for Students (OfS) to have a high or very high level of influence, which had increased over time. Three universities stated that whilst the OfS had a level of influence for the sector, the influence that they brought to the sector was predominately for English universities as the OfS is the regulator and competition authority for the Higher Education sector in England, and not the UK sector as a whole. However, it was noted that whilst Higher Education policy in England may not be replicated entirely in the devolved nations, once the OfS, a non-departmental body of the Department for Education, issues a paper relating to Higher Education each of the other devolved nations will take it into consideration.

Table 5. Stakeholder Influence.

| Panel A: Internal Stakeholders | Very High | High | Moderate | Low | Negligible |
|-------------------------------|-----------|------|----------|-----|------------|
| Academic Staff                | 45%       | 50%  | 5%       | 0%  | 0%         |
| Support Staff                 | 32%       | 18%  | 32%      | 18% | 0%         |
| UG Home students              | 59%       | 23%  | 18%      | 0%  | 0%         |
| UG International students     | 45%       | 18%  | 27%      | 9%  | 0%         |
| PGT Home students             | 32%       | 32%  | 36%      | 0%  | 0%         |
| PGT International students    | 45%       | 27%  | 18%      | 9%  | 0%         |
| PGR Home students             | 32%       | 32%  | 32%      | 0%  | 5%         |
| PGR International students    | 41%       | 23%  | 23%      | 9%  | 5%         |

| Panel B: External Stakeholders | Very High | High | Moderate | Low | Negligible |
|-------------------------------|-----------|------|----------|-----|------------|
| UK government                 | 77%       | 9%   | 14%      | 0%  | 0%         |
| Devolved governments          | 55%       | 18%  | 9%       | 9%  | 9%         |
| Local Authorities             | 0%        | 23%  | 45%      | 27% | 5%         |
| Office for Students           | 36%       | 18%  | 27%      | 5%  | 14%        |
| NHS                           | 9%        | 18%  | 59%      | 14% | 0%         |
| Alumni                        | 0%        | 14%  | 64%      | 18% | 5%         |
| UCU + other campus unions     | 18%       | 45%  | 27%      | 5%  | 5%         |
| USS or other pension providers | 14%       | 27%  | 41%      | 18% | 0%         |
| UKRI                          | 27%       | 41%  | 23%      | 9%  | 0%         |
| Charity research foundations  | 0%        | 36%  | 41%      | 23% | 0%         |
| Student ‘bed providers’       | 0%        | 5%   | 36%      | 50% | 9%         |
| Donors                        | 5%        | 5%   | 64%      | 27% | 0%         |
| Lenders                       | 14%       | 23%  | 32%      | 23% | 9%         |
| Investors                     | 5%        | 9%   | 41%      | 32% | 14%        |
| Local business                | 0%        | 0%   | 55%      | 36% | 9%         |
| Chamber of Commerce           | 0%        | 5%   | 36%      | 9%  | 45%        |
| Local residents – community   | 0%        | 18%  | 59%      | 18% | 5%         |

Notes: This table presents the distribution of survey responses from very high to negligible to the question of how influential each stakeholder is to the Higher Education sector. Panel A presents the results for internal stakeholders. Panel B presents the results for external stakeholders. All abbreviations are defined in Table 1.
Whilst the influence of student bed providers was viewed as low (2.36 out of 5), more than 60% of universities stated that the influence of student bed providers had increased over the last 10 years. This is a likely outcome as during a time of reduced government funding in universities and uncertainty regarding tuition fee income in England following the Augar Review (2018), universities have largely divested their accommodation provision to third party providers to allow them to concentrate on investing in core educational activities (McCann, Hutchison, and Adair 2020). Looking to the future, universities may find that the inability to meet nominations agreements with student bed providers due to campus closures and students studying off campus, may result in that group of stakeholders gaining more influence. A Friedman Test was conducted to test whether or not university secretaries rate particular external stakeholders as being more influential than others. We find a statistically significant difference in the level of influence that university secretaries place on the different external stakeholders ($Q (16) = 125.6076, P = .0000$).

Table 6. Changing influence of stakeholders over the last 20 years.

|                      | Increased | Same | Decreased | No response |
|----------------------|-----------|------|-----------|-------------|
| **Panel A: Internal Stakeholders** |           |      |           |             |
| Academic Staff       | 27%       | 55%  | 18%       | 0%          |
| Support Staff        | 59%       | 36%  | 5%        | 0%          |
| UG Home students     | 77%       | 23%  | 0%        | 0%          |
| UG International students | 73%     | 27%  | 0%        | 0%          |
| PGT Home students    | 64%       | 32%  | 5%        | 0%          |
| PGT International students | 91%    | 9%   | 0%        | 0%          |
| PGR Home students    | 59%       | 41%  | 0%        | 0%          |
| PGR International students | 77%    | 23%  | 0%        | 0%          |
| **Panel B: External Stakeholders** |           |      |           |             |
| UK government        | 45%       | 36%  | 18%       | 0%          |
| Devolved governments | 68%       | 27%  | 5%        | 0%          |
| Local Authorities    | 18%       | 55%  | 27%       | 0%          |
| NHS                  | 36%       | 64%  | 0%        | 0%          |
| Alumni               | 59%       | 41%  | 0%        | 0%          |
| UCU + other campus unions | 36% | 45%  | 18%       | 0%          |
| USS or other pension providers | 77% | 18%  | 5%        | 0%          |
| UKRIa                | 64%       | 14%  | 5%        | 18%         |
| Charity research foundations | 45%  | 55%  | 0%        | 0%          |
| Student ‘bed providers’ | 64% | 32%  | 5%        | 0%          |
| Donors               | 64%       | 32%  | 5%        | 0%          |
| Lenders              | 77%       | 18%  | 5%        | 0%          |
| Investors            | 55%       | 45%  | 0%        | 0%          |
| Local business       | 41%       | 55%  | 5%        | 0%          |
| Chamber of Commerce  | 32%       | 59%  | 5%        | 4%          |
| Local residents – community | 50% | 50%  | 0%        | 0%          |

Notes: This table presents the distribution of survey responses to the question of how the influence of each stakeholder changed since 2010 and 2000. Panel A presents the results for internal stakeholders. Panel B presents the results for external stakeholders. All abbreviations are defined in Table 1.

*While UKRI was not formed until 2018, it replaced the seven research councils formerly organised under Research Councils UK which were in existence over most of the 20-year period under study and thus their influence on research, in various guises, can be reasonably measured.*

Looking more closely at the changing influence of stakeholders over the last 10 and 20 years, as shown in Table 6 we can see that the influence of almost all stakeholders has increased. Illustrating the need for income, the influence of PGT International students was viewed to have increased by over 90% of universities over the last decade, increasing from 82% since 2000. Moreover, the need for external finance in the sector has allowed the influence of external financial stakeholders such as lenders, investors, and donors to increase as universities have been forced to generate external sources of finance during a period of decline in government funding (McCann, Hutchison, and Adair 2019).
Devolved governments and pension providers have also seen their influence increase over the last 10 and 20 years. The increase in the influence that devolved governments have has risen reflecting the fact that Higher Education is a devolved matter and in Scotland and Northern Ireland, the devolved administrations currently pay the undergraduate fees of EU nationals studying at Scottish and Northern Ireland universities. The influence of pension providers has increased over the analysis period due to the increasing attention on the funding gap in the USS pension scheme which has resulted in additional contributions being required from both the employer and employee, along with the change to the much-vaunted USS final salary scheme which has morphed into a hybrid scheme of final salary and defined contribution. Among employees, rising contributions and reduced benefits have been unpopular, leading to industrial action in 2019. Moreover, the whole pension system, state and private, has become much more politicised over the last decade, as successive governments, faced with rising life expectancy, have been forced to raise the state pension age in order to reduce costs to the treasury.

Interestingly, whilst there is a consensus that the influence of support staff has increased over the last ten and twenty years, with the exception of local authorities and trade unions, academic staff are viewed as the stakeholder whose influence has diminished the most. This diminished influence can perhaps be attributed to the growth of managerialism through New Public Management ideas and practices in universities at the expense of the role of senate in making strategic decisions.

4.3. Importance

The third attribute assessed was the importance of the stakeholders to the general running and management of the university. Table 7 ranks the importance of internal and external stakeholders from

| Table 7. Ranking of stakeholder importance. | Average ranking |
|--------------------------------------------|------------------|
| **Panel A: internal stakeholders**         |                  |
| Academic Staff                             | 4.91             |
| Support Staff                              | 4.64             |
| UG Home students                           | 4.32             |
| PGT International students                 | 4.23             |
| PGR International students                 | 4.23             |
| UG International students                  | 4.18             |
| PGT Home students                          | 4.05             |
| PGR Home students                          | 3.91             |
| **Panel B: External Stakeholders**         |                  |
| UK government                              | 4.50             |
| UCU + other campus unions                  | 4.18             |
| UKRI                                       | 4.09             |
| Devolved governments                       | 4.00             |
| Donors                                     | 3.86             |
| Alumni                                     | 3.82             |
| Charity research foundations               | 3.77             |
| Office for Students                        | 3.55             |
| NHS                                        | 3.55             |
| USS or other pension providers              | 3.50             |
| Local residents – community                 | 3.45             |
| Investors                                  | 3.27             |
| Lenders                                    | 3.23             |
| Local Authorities                          | 3.00             |
| Local business                             | 2.73             |
| Chamber of Commerce                        | 2.67             |
| Student ‘bed providers’                     | 2.64             |

Notes: This table presents the average ranking of stakeholder importance for each stakeholder, ranked from most important to least important. Ratings are based on a scale of very high importance (5) to negligible importance (1). Panel A presents the results for internal stakeholders. Panel B presents the results for external stakeholders. All abbreviations are defined in Table 1.
largest to smallest. Table 8 presents an overview of how the universities viewed the importance of each stakeholder from very high to low.

When respondents were asked about the importance of internal stakeholders, following Jongbloed, Enders, and Salerno (2008) we expected that the most important stakeholders would be the students. However, academic staff were viewed as the most important stakeholder with 100% of respondents agreeing that academic staff had high or very high importance consistent with academic staff being influential to the sector. This is an interesting finding which at first sight appears to be at variance with other research on the impact of NPM and managerialism diminishing the role/power of UK academics. Rather, the findings of this research highlight that the importance of academic staff is recognised reflecting their role in knowledge generation and dissemination through teaching and research, the primary mission of the university and a major contributor to its brand and marketing profile.

Despite being the lowest stakeholder by influence, 91% of respondents noted that professional services staff had high or very high importance to the sector illustrating that they provide an important function to university strategy. One respondent noted that whilst departmental administrative staff were not viewed as being particularly important or influential, senior professional services staff such as their head of estates and head of finance were extremely important to university strategy, indicative of the important functions they play (see Shattock 2013 and Rowlands 2017).

After staff, students were viewed as the most important group of stakeholders with home undergraduate students and international postgraduate taught and research students achieving rankings of 4.32 and 4.23 out of 5, respectively. Interestingly, with the exception of home undergraduate students, student level of importance to the sector is viewed to be greater
than their level of influence, which is important from a fees perspective, especially for PGT International students.

A Friedman Test was conducted to test whether university secretaries rate particular stakeholders as being more important than others. Looking first at internal stakeholders, we find a statistically significant difference in the level of importance that university secretaries place on the different internal stakeholders \( (Q(7) = 41.3841, P = .0000) \). Looking more closely at different subsets within the group of internal stakeholders we find that university secretaries rank academic staff as being more important than support staff \( (Q(1) = 4.0000, P = .0455) \). However, there is no evidence of university secretaries ranking the importance of different groups of students in a statistically different way \( (Q(5) = 6.3636, P = .2724) \).

With respect to the ranking of the importance of external stakeholders, unsurprisingly the UK government in addition to being the most influential stakeholder, was viewed as the most important external stakeholder with an average ranking of 4.5 out 5 and 86% of respondents ranking them as having very high or high importance. This result is consistent with the government being the salient stakeholder as the main funder and due to societal reasons relating to the role of higher education in the social mobility and inclusivity agenda. Devolved governments were similarly viewed as important stakeholders (4.00 out of 5).

Interestingly, the UCU and other trade unions who are generally not viewed as being influential, were viewed as being important stakeholders for the sector to maintain a relationship with (4.18 out of 5), as were donors (3.86) and university alumni (3.82). About 82% of respondents viewed UCU and other campus unions as having a high or very high level of importance, but only 64% viewed them as being influential. Local business (2.73) and local residents (3.45) were viewed as having low to moderate levels of importance suggesting that maintaining good relations with local authorities, the chamber of commerce and local businesses are important but not at the forefront of the sector’s agenda. The least important stakeholders were student bed providers (2.64). A Friedman Test was conducted to test whether university secretaries rate particular external stakeholders as being more important than others. We find a statistically significant difference in the level of importance that university secretaries place on the different external stakeholders \( (Q(16) = 100.7355, P = .0000) \).

5. Conclusion

This paper explores the changing influence of internal and external stakeholders within the Higher Education sector over the past two decades in terms of their attributes of legitimacy, influence and importance of engaging. In line with previous studies, academic staff and students are seen as the most influential internal stakeholders as the quality of teaching and research is vital to the reputation and attractiveness of the university in a global market. However, there is some evidence that their level of importance has declined over the past two decades reflecting the growth of corporatism/managerialism and New Public Management in university strategic decision making. About 18% (36%) of respondents noted that the level of influence of academic staff has decreased since 2010 (2000). While support staff are viewed as the least influential, their level of influence has increased over the past two decades in particular the role of senior professional staff in influencing university strategy, a finding again in line with the growth of managerialism in the sector.

The relative influence of different student groups is interesting in that not all are considered equal with the level of fees earned by the university a significant factor – an outcome consistent with resource dependency theory. Undergraduate home students are seen as the most influential student group due largely to the numbers enrolled, followed by international postgraduate taught students reflecting the increasing fees that universities have been able to charge over the last two decades. Postgraduate research students, while vital to the sector, have the least influence perhaps again attributed to the lower number of these students. The finding that
student level of importance to the sector is viewed to be greater than their level of influence again points to the contribution that students make to income generation in an increasingly marketised and competitive market.

UK and devolved governments are seen as the most influential external stakeholder reflecting their role in university funding and in setting Higher Education policy and regulation, an influence that has increased in potency over the past two decades. Further to the marketisation of the sector, a range of stakeholders has varying degrees of influence. For example, UKRI was viewed as the most influential non-government external stakeholder for both research and teaching-focused institutions, the Office for Students – the influence of which has increased over time – UCU and other trade unions are generally not viewed as being influential but remain important stakeholders for campus relationships.

Some external stakeholders have more specific areas of influence. For example, NHS for Health disciplines, student bed providers for accommodation, USS in the case of pensions, donors and university alumni. The influence of student bed providers has increased over the last decade as universities have divested this role to the private sector and the provision of modern accommodation is a major attractor in the competition for students.

The influence of financial stakeholders such as lenders, investors and donors has grown over the past two decades and is seen by some as increasing in influence in a post-COVID-19 environment of greater financial uncertainty in which the government are mindful of how lenders may react to universities which face financial difficulties.

A surprising finding in light of the third mission of civic engagement aspiration of universities heralded over the past decade is the low level of influence attached to local authorities, local business and local residents. This suggests that while much has been made about the important civic mission of universities as economic and social drivers in their locations, the reality is somewhat different, and their lack of influence has perhaps allowed universities to prioritise differently during challenging times in the main priority areas, issues which have been accentuated by the pandemic. Quite possibly the rhetoric from the universities in this area belies their action. In this regard, the findings of the current study support earlier research by Fonseca (2018) who identified a mismatch between the rhetoric and practice relating to the third mission. It will be interesting to observe whether universities on the back of COVID-19 will be able to refocus and be able to help with the economic and social recovery that undoubtedly will be required, particularly when past experience might suggest that universities and local authorities face challenges working together due to a clash of cultures.

What then for the future? For many universities already faced with a challenging financial scenario, COVID-19 has highlighted the risk surrounding the various revenue sources, and the dependency on the level of fees from international students. With student travel restricted, universities have been forced to invest in online technology to offer virtual sessions, which has helped to maintain some revenue from those based overseas, albeit at a significantly lower level. While it is difficult in the middle of a crisis to make predictions on the duration of the disruption, it seems likely that international fee income will be significantly impaired for at least the next two to three years, until global health is less compromised and the volume of international students return to pre-COVID-19 levels. This may change the nature of international student recruitment with more partnerships being pursued with overseas universities to guarantee a more reliable flow of students, who may either be taught by visiting faculty on their own campus, or in the UK. Thus, the list of stakeholders and their influence may change with greater cross border institutional engagement a likely outcome. In all of this, the hand of the government remains highly influential in not only setting student numbers and home student fee levels, but also ensuring that cross border student travel is protected post Brexit. Not surprisingly then government, whether national or devolved, is likely to remain top of the list for influence and importance in the years ahead.

As discussed in Section 2, the increasing marketisation of the sector over the last 20 years, has resulted in a significant change in the internal structure and operations of universities towards a
more managerial culture, with the focus on ensuring profitability from all teaching and most research activities, with consequent less focus on the need for academic breadth and depth. At a time when university finances are likely to show significant losses, this may pit academics against senior management who may seek to make savings through a reduced headcount or mergers and as a result of the reduction in the influence of academics over the last 20 years, this may make such negotiation an uneven contest.

Notes
1. The list of stakeholders is not exhaustive as different universities can have a different mix of stakeholders, but it comprises the key sector wide stakeholders. Other stakeholders to the sector which have not been included in this study include for example: Confederation of British Industry, Scottish Enterprise, and Skills Development Scotland.
2. MPs, MSPs, MLAs and MSs refer to Members of Parliament of the UK government, Members of the Scottish Parliament, Member of the Legislative Assembly, Member of the Legislative Assembly (Northern Ireland Assembly) and Member of the Senedd (Welsh Assembly), respectively.
3. Whilst the survey was directed at universities secretaries, the authors are aware that one response was from a university Vice-Chancellor.
4. The difference in the influence of the UKRI for pre- and post-1992 institutions is statistically insignificant.

Disclosure statement
No potential conflict of interest was reported by the author(s).

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