

# ALUMNI AS INTELLECTUAL CAPITAL IN HIGHER EDUCATION – A HUNGARIAN EXAMPLE

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**Abstract:** *As an international trend we can observe that the most important factors of competitiveness are the business relationships. The main goal of the co-operation with SMEs is the mutual encouragement of R&D&I activities. A determining factor of this process is the reservation and development of the relationship with graduated students. Alumni as intellectual resource can mean a lot of opportunities for both parties. Our study aims to set an example how a Hungarian college's alumni business relations can become an innovation resource through co-operation with companies. The key players of the knowledge basis of College for Modern Business Studies are the alumnus students who after entering the labor market or creating an own enterprise, turn back to their alma mater with multiplied knowledge as potential partners in R&D&I projects. Reaching this target group and communicating with them is a great challenge for institutions, because there are no proper and traditional alumni networks in our country. The College for Modern Business Studies contributes with its up-to-date virtual space to the formation of a real professional community from its alumnus students and encourage their R&D&I activity. By benchmark analysis of international alumni networks we try to state some proposals and further development opportunities .*

**Keywords:** *knowledge era, innovation, higher education, competitiveness, network.*

## 1. INTRODUCTION

Higher educational institutions play a key role in economic development, since the perspectives of the regions depend on their ability to meet the demands of the economic sector. The paradigm, according to which a more marketable education a university offers, the more attractive it is, seems to be outdated. It is an international tendency that to improve their position, universities do not only teach, but also offer economy-oriented services, such as helping students in finding their place in the labour market, trainings for young graduates to start new businesses, counselling, career tracking and building alumni relationships. The precondition of the interaction between higher education and the economy is to make mediation services more effective. This also means that the target group for higher educational institutions has changed. The previous target group of students has enlarged with the corporate sector through the university's former students, so services also should be widened accordingly. The alumni system could be regarded such a mediation system.

## 2. CONCEPT OF INTERPRETATION

An alumni is a graduate of a school, college, or university. University alumni may make strong contributions to the welfare of their universities like the participation in various university functions. Universities have recognized the need to have a strong relationship with their alumni.

### 2.1. Alumni as a professional community

The idea of a professional community is to gather a group of professionals who work on a solution for a problem, so, consequently it includes people with similar interests. It is also characteristic that members deepen their knowledge in a certain field by helping each other [1].

The alumni network is a special professional community. By alumni relationships we mean an active support of personal and professional networking among the graduates, students, professors and employers. Alumni services include life-long career planning, publishing job vacancies, career counselling, providing information on trainings, courses student life, organizing events and professional and friendly get-togethers. Finding a job for young graduates could be considerably helped by an appropriately built alumni network.

In this article we present a case study which presents a virtual professional community established by a higher educational institution and explains to what extend it follows the example of traditional

professional communities and in what ways it differs from it, sometimes by presenting novelty.

### 2.2. Literature review

According to Johnson and Weinstein [2] in every customer relationship there are five key variables: trust, commitment, cooperation, dependence, and information exchange. These variables hold true for the alumni and university relationship as well. Future alumni must have a certain level of trust that the current alumni association will be looking out for future alumni best interests as well as the school's interests. Future alumni want to know that after graduation, there will be some sort of networking and a recruitment program for prospective students. Graduated students should want to give back to their alma mater and help as much as they can.

Alumni are also able to play a very important role in support of their institution through serving as a strong source of positive word of mouth publicity. This publicity like relationship marketing is very important for institutions of higher education and may be defined in many different ways [3]. In general, relationship orientation is about continuously working to attract, maintain, retain, and enhance the organization's ties or links with its end-users and/or customers [4]. Many universities routinely conduct alumni studies to assess outcomes and provide information to increase the effectiveness of the university and students' quality of education [5] [6]. According to the Performance Enhancement Group, a consulting organization that conducts Internet-based research by distributing surveys to each participating school's alumni, an email is sent to a select group of individual alumni to introduce the survey and to provide hyperlink access to the survey [7]. FAQs said that whether the school is big or small, coeducational or single sex, engagement and interaction produce greater effectiveness and benefits for students [8]. We don't know of anyone who argues with this. Some researches documents how frequently such engagement and interaction occurred for and benefited the graduates surveyed, according to them. Analysis of these reported responses shows that this happens far more frequently at private institutions [9] [10] [11]. Finally, more and more publications named new white papers from alumni futures are available as a free download. For example, one of these papers examined the internet's potential to influence alumni relations and higher education advancement [12].

### 2.3. The situation in Hungary

Although since 2006 it has been stipulated by the law that higher educational institutions has to provide career counselling and other connected

services free of charge, and to carry out career tracking too, the reality is different. As a survey in Hungary [13] shows, institutions regard the cultivation of alumni relations as the task of career offices. In the introductory period (2006-07) the first career offices were set up, financed by various projects. After a successful start the process slowed down, the range of services they provide has narrowed. The uptodateness of the services is a common problem, mainly the list of placements offered for internship is updated regularly, followed by the job offers. There are large differences between the timeliness of job fairs and career counselling services.

Career offices of business schools provide more opportunities to improve competitive knowledge through their counseling system, internship programs and alumni network than career offices in teacher training institutions.

The real alumni network in Hungary is just being established at the moment. As the already mentioned Hungarian survey shows, graduates find their personal contacts the most effective way to find a job (41%). Consequently, a well-operating, active alumni program could help students increase their social capital on the labor market and find a job. It is a tendency that – even if there is no systematically built alumni database – higher educational institutions invite their alumni to give a speech at different events.

#### **2.4. 3G Universities**

We should recognize and capture the opportunity provided by the former students of the institution. We must not allow all the knowledge and connections generated at the school to be lost. When we speak about the R&D services offered by the higher educational institution the primary target group should be the former students of the university (alumnus), especially in the case of economic institutions, where a greater number of future SMEs employees study.

The offer for the business sector is mainly comprised of services supporting R&D activities, which is not surprising since the college or the university mainly provides educational services. All these characterize the 3G universities, whose main feature is being open for cooperation; in this case it opens for the business sector. This openness makes the institution more and more multicultural.

### **3. CASE STUDY**

This case study presents a project at the College for Modern Business Studies in Tatabánya, Hungary. The project was supported by a European Union,

and its basic concept was to see and handle the alumni network as a professional community.

#### **3.1. Objectives**

The College for Modern Business Studies (CMBS) established its alumni professional community in spring 2011 which provides a solid basis for its alumni service pack. Its objective is to establish a database of professional knowledge instead of concentrating on different events and programs exclusively. This is more in line with the international practice than the general Hungarian practice.

The novelty in this system in Hungary, an initiation by the institution is that the database is generated by the former students who gained their knowledge at the school. The objective of the higher educational institution is flow the knowledge back the increased amount of knowledge to the institution through the alumni system for further usage.

#### **3.2. Participants**

Numerous institutions prefer their alumni systems to operate by themselves. Even if the first steps have been made by the institutions, the community is expected to be self-organized and the college only provides information about its events and operation news. In contrast to this, CMBS does not let its former students disappear, but keeps continuous contact with them, forming them into a professional community. Thus it provides backing for former students to stay in contact with each other and the institution itself. Since CMBS is an economic school, many of its alumni have their own business or work for a larger corporation.

#### **3.3. Basic concept**

CMBS Alumni Profession Community (hereinafter referred to as CAPC) comprises of a group of former students who already entered the labor market, thus reflecting the results of its practice-oriented education.

CAPC offers its former students a virtual and real life community where they can cultivate their relationships made during the college years and can find job opportunities and company partners, work relationships on the labor market.

For its present students CAPC provides help for professional development by offering them placements for internship, giving them experience, organizing different events, and setting them positive examples.

#### **3.4. The model of the alumni system**

CAPC is based on a multi-pillar system, which includes the following factors:

- 1) help the alumni to:
  - share experiences
  - build corporate relationships
  - find a job
  - build social capital
  - build preferential relationships
- 2) help former and present students:
  - find placement for internship
  - find workplace, build career
  - find a role-model
  - increase social capital
- 3) help the College:
  - further strengthen its practice-oriented training
  - strengthening the relationship between CMBS and its students
  - enlarging its corporate network
- 4) joint enterprises:
  - R&D demands
  - supply
  - knowledge-sharing
  - commitment

As Figure 1 shows, the pillars of the model are similar in importance. There is no superior or subordinated one, not even if that particular service is initiated by the school. All these reflects maximum co-operation, and the figure is correct, since the pillars of different height would lead to inequalities and inefficiency in the system.

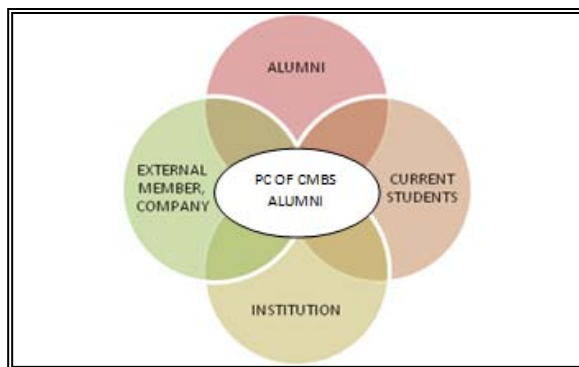


Figure 1: *The model of CAPC*

It is important to note that in this case the higher educational institution plays a community building role. Community building – per definition, - is a process of social activity during which members will be able to plan and act, define their common and individual problems and needs and satisfy them with the help of the community [14]. As it looks from the definition, the institution does not have a leading role, it is an equal member of the community, take part in the process, in this case as a moderator. When developing our model, it is supposed that this type of alumni system is one of the factors which

make the institution competitive on the education market. A fundamental criterion of competitiveness for higher educational institutions is to be able to attract potential students. If the alumni system works properly, and it serves former students actively in their profession, then we can suppose that their children will seriously consider the institution with a proper alumni system at their application.

The alumni community is an open organization, which conveys knowledge from generation to generation, builds professional and human relationships. Honorary membership is given to those – person or company – who helps the professional work of the community and respects its ethical rules. All these are especially important from the point of view of R&D relationship-building for the institution. They invite new members to the community, at the same time quality in professional work is strictly kept high. This way they increase the innovation activity of the institution and the number of partners. This factor gives a fourth pillar to the alumni model, making it even more stable.

### 3.5. Virtual Community Center

Marketing specialists already highlighted that the main reason for choosing a product or service is not its features, but the feeling they evoke in the advertisements. This is even truer for the members of the Y generation. Since present students will be future alumni, it is essential to think and act in accordance with their taste.

To do so, CMBS has created a virtual community networking service – similar to Facebook. The services it provides are similar to those offered by popular community networks and virtual professional communities operating on the internet as well. In the virtual world the way of gaining information can be anything: wiki.com or page.com (lap.hu) sites, as well as professional websites. This tendency is supported by the increasing popularity of twitter and other micro-blogging services where people can follow the bloggers and get personalized information.

As for target groups, any profession or field of study can be chosen and prioritized. The users of these shared services will come into view. At the same time, online networks are typically web2 applications with a primary function of social network-building, providing a good basis for a virtual community.

### 3.6. Alumni virtual social network building

Prior to the establishment of CASC the effects of virtual communities on alumni systems were studied. Our aim was to map the presence of virtual professional communities, their missions and

services with the knowledge-circulation of SMEs in the center. The basis of the research was the virtual professional communities concentrating on providing information for SMEs and referring to themselves as a “community”. We can state that the number of these websites in Hungary is rather small, and this is also true for their services. According to our hypothesis, in Hungary the members of virtual professional communities which concentrate on SMEs do not use or utilize the virtual space. They ignore the fact that both in the process of selling and buying the members of the Y generation are involved, for whom this virtual space is part of their everyday life. In this study we use the expression of “knowledge circulation” to reflect to the circulation of accumulated knowledge between the members of the virtual community. This circulation is not targeted.

As the survey of Randstad Workmonitor [15] carried out among employees in 29 countries shows, 75% of Hungarian employees already registered at a social networking portal in the hope of better prospects on the job market. Although the majority knows that potential employers can see their profile, they still provide personal information instead of their professional strengths which would help them find a job. While in personal social networking portals the number of registered people is large, the popularity of a professional community website is rather low: only 130,000 Hungarian professionals got registered in LinkedIn, a network used by 75 million experts.

A good example for co-operation from the field of education is Research GATE. Almost one million researchers from Harvard, Yale, University of Hamburg, TU München (Munich), Veterinary Medical Research Institute, Hungarian Academy of Sciences and other higher educational institutions co-operate in the virtual space independently from time and space. It provides possibilities for extending the network of researchers, posting research results, articles and thoughts. Calls for conferences, job advertisements are also uploaded there.

What do these mean for the companies? Companies working in research can share their experiences and form other professional relationships. They can also participate in joint innovation projects with the help of the “Facebook of researchers”.

We think that for the members of a virtual professional community it is easier to relationship between SMEs, clients and enterprises with the help of the website.

What services are to reach these? Prior to the establishment of our alumni system (February 2011), we compared four virtual professional community homepages. They all target at SMEs to provide help in innovation and development. Table 1 shows the result.

Table 1: *Services offered by homepages*

Service	Content
information as a device for transmitting knowledge	news updated daily
	newsletters
	event calendar
	theme links
	downloadable studies, materials
	projects to be applied for
	sample contracts, regulations, marketing plans
networking	virtual invitations
	company finder
	job advertisements
	webconferences
	profile sites
co-operation sharing experiences	virtual boardroom
	sending and allowing business cards
	communication with experts
	blog, forum, notice board
	expert videos
marketing	advertisements

The next Table (Table 2) shows the services CMBS Alumni Homepage can offer.

The examined communities allow registration without any filtering, and they offer and sell different service packages.

CMBS Alumni Professional Community does not aim at recruiting a large number of members; it aims at high quality professional communication, with the basis provided by a higher educational institution. Based on the experiences gained from other homepages, the notice board function is moderated to avoid news that does not fit into the image of the institution or its mission and might destroy its reputation.

Job advertisements are crucial for the system, since at the present economic situation former students of the institution can help each other find a job – even at their own company. These functions allow students to keep contact with former ones during their university years. This is beneficial for all, because students can find internship and those who already operate their company can find employees this way. The aim of all these is well-thought community forming. Present and former students have access to the system, it is important for them to see that CMBS cares about them even after graduation.

Table2: *Services offered by CAPC*

Service	Content
information as a device for transmitting knowledge	frequently updated news
	newsletters
	theme links
	downloadable studies, materials
	projects to be applied for
networking	virtual invitations
	company finder
	job advertisements
	profile sites
	communication with experts
	blog, forum, notice board
marketing	advertisements

#### 4. SUMMARY

To summarize we can say that professional communities formed in the virtual space can serve innovation for SMEs, especially if they are initiated and managed by a higher educational institution. As for its services, a community with this kind of background is more target-oriented, thus it can work more efficiently in different fields of studies. And because the members belong to the same community, this provides a higher level of trust between them than in a virtual community of undeterminable composition. Because of all these, alumni networks formed in higher educational institutions can definitely serve the professional development of their members and can provide the alumni network's long term existence and operation, supporting co-operation and R&D activities between the higher educational institution and the companies.

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