

An Empirical And Qualitative Study Of The Strategic Planning Process Of A Higher Education Institution

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ABSTRACT

This paper discusses whether there are differences in performance based on differences in strategy. First, an attempt was made to determine whether the institution had a strategy, and if so, did it follow a particular model. Major models of strategy are the industry analysis approach, the resource based view or the RBV model and the more recent, relational model. The next step was determining whether the institution actually implemented the strategy by allocating resources. Finally an attempt was made to find out whether any of the models influenced the performance of one higher education institution and whether one model resulted in greater performance than another. Performance was defined as improvements in enrollment, operating surpluses, investments in physical assets and capital structure. The research design was the case study approach. The methods of analysis were qualitative, using content analysis, as well as quantitative. The results showed that there were significant differences in performance between the institution with the well-defined and implemented strategy and other institutions in the same religious and geographic classification. This research should add to the knowledge base in seeking to improve Higher Education.

INTRODUCTION

Why do some organizations perform better than others? Is it strategy, leadership, luck, or a combination of factors? This is a critical question being researched by academics and practitioners. The main focus of this paper is to understand why some higher education (HED) institutions perform better than others and whether the difference in performance is due to differences in strategy.

The primary measurement of performance for for-profit institutions is usually net income. In the case of a college or university, one important measure is an increase in enrollment. It is assumed for this paper that most colleges and universities make conscious decisions to grow and that improvements in performance lead to growth in new as well as existing programs and, as a result, to increases in enrollments.

The environment of higher education has undergone significant change in the last two decades especially in its resemblance to corporate entities. Strategic planning, market segmentation, market research, and market positioning are now matter of fact and a market taxonomy by the Institute of Higher Education (Zemsky, Shaman and Iannozzi, 1997) is now possible given the differentiation that universities are pursuing. Another driving factor in the transformation of education is the demand for accountability. States, parents and students are leading stakeholders in demanding answers due to higher costs and lower standards. The debate about whether the customer is getting value for money has intensified as has the competition among institutions for the customer's dollar.

The stock market sends immediate signals on the performance of corporations with stock prices reflecting investors' perceptions of future cash flows. The market place does not work the same way for HED. This begs the question as to whether it makes sense for HED to use similar concepts and methodologies, or what adaptations should be made to reflect its uniqueness. This paper addresses these topics and attempts to understand whether some institutions perform better because of the direct influence of particular models. First, there is a discussion of the market forces that affect higher education and the significance of the role of strategy. The literature review follows

with an overview of models in strategy for business, non-profits, and higher education. The sections that follow describe the research questions, the research design, and a description of the sample. The final section includes the data analysis followed by implications and conclusion.

HED AND MARKET FORCES

The major contributors to the field of strategy, Ansoff, (1960s), Porter (1980s), and Prahalad and Hamel (1990s) developed concepts and methodology applicable mainly to corporate organizations. The issue of whether universities have “strategies” has been researched by Hardy et al, who concluded that strategies abound in universities, not the type that originates from “a priori articulation of intention, but on the existence of consistency in the actions and/or decisions emerging from an organization” (Hardy, Langley, Mintzberg and Rose,1983). The assumption underlying this study is that universities do have strategies and an attempt will be made to understand what the strategy is and whether it has any resemblance to Porter’s five-forces model, or the resource-based view of Prahalad and Hamel.

Sharon Oster (1995) in her book, *Strategic Management for Non-Profit Organizations* demonstrated through case studies that greater success is achieved when business practices are emphasized. In the case of non-profits and especially colleges and universities, reputation is pivotal in giving the organization its competitive edge. Demand among non-traditional students and competitive pressures have led universities to provide convenience in admission, registration and course and degree offerings. The for-profit, virtual, and distance learning institutions have contributed to the change in attitude to how and where instruction is administered. The university experience has changed to accommodate the consumer.

Clotfelter (1996) in his book *Buying the Best—Cost Escalation in Elite Higher Education* discussed the glory days of higher education when unbounded aspirations led to intense competition for faculty who demanded more resources but expected reduced workloads. Private universities raised tuition to cover these ever-increasing needs, while public universities demanded higher state appropriations. Intense global competition was the catalyst for major structural adjustments in the economy in the 1960’s and 70’s. There was a sea change in the core culture of every business enterprise and it revolved around finding the most feasible way to perform any activity. HED was not shielded from this environmental change. Administrators began to exercise more control in decision making about how resources were spent and how the institution was managed. Faculty was relegated to matters that dealt with the curriculum. The more prudent presidents and key administrators engaged in strategic planning and in some cases they seemed to be successful; in other cases it became a mere wish list or an exercise in which everyone was engaged in crunching numbers.

The issue of whether strategy makes a difference in the performance of HED institutions is unanswered but there is evidence that some institutions have done better than others by selecting a unique niche in the market; emphasizing innovative programs; or creating a competitive advantage in strategic areas. Research on academic strategy is of great importance to university administrators and faculty; funding organizations such as state and federal agencies; donors, students and their parents; and the general public. Just as investors focus on the long-term profitability of a company, stakeholders of the university are concerned with long-term sustainability. Research grants, alumni giving, endowments, enrollment, and state support are all dependent on how well the university is positioned in the short term but more important, for the long term. The underlying theme of this research is that strategy makes a difference and comparisons can be made between universities that have a well-defined strategy from those that do not.

LITERATURE REVIEW

Overview Of Models In The Strategy Field

The field of strategy is very young spanning only about thirty to thirty-five years. It has its underpinnings in economics and management with influences from other areas such as game theory, psychology; sociology to name just a few. As with any new area of research, models and frameworks have been proposed and scholars and students have been collecting data, testing hypotheses and incrementally establishing the strengths and weaknesses of the

various schools of thought. Research has been in the form of case studies and field research within specific industries such as pharmaceuticals, disk drive, typesetter, and automotive to name just a few. There are issues of generalizability across industries or even within the same industry. Despite its relative infancy, two major schools of thought have emerged and there is a third emerging model that is gaining acceptance. The industry analysis approach or the Porter model (1980) and the resource-based view or the RBV model (1990) seem to be the two around which scholars have coalesced. The third model is the relational model, which might have important insights for non-profits, but the major emphasis will be placed on the Porter and the RBV models.

What Is “Strategy”

Rumelt, Schendel and Teece in *Fundamental Issues in Strategy* say strategy is about choice of direction for the firm. Organizations are in competition for resources, customers, revenues and profit, and more important for sustainability of all of the above. Since most of the strategy literature is written about business entities, higher education has to adapt because ultimately it is about choice of goals, of administrative structures, of which markets to target, and how to get all the activities to fit into an integrated whole.

Strategy can also be thought of as a competitive advantage that generates rents for those holding unique assets, resources or capabilities. Michael Porter (1996, 1980) is of the opinion that, “competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.” Porter’s emphasis is on the position of the firm within the industry. For example, Southwest Airlines has a unique set of activities, which gives it a competitive edge in the airline industry. The underlying assumption is that there are imperfections in the market and firms seek out rents by capturing value. Porter’s focus is on relative position within the industry and he is best identified with the five forces model; the five forces being those that govern competition in an industry. They are as follows: the bargaining power of customers; of suppliers; threat of new entrants; threat of substitute products and services; and current competitors within the industry. This model has been widely used to do industry analysis since the 1980s.

While the Porter model looks outside the firm to the industry for its competitive advantage, the resource-based view (RBV) of strategy looks within the firm and identifies the core competencies or capabilities that give the firm its competitive edge. Prahalad and Hamel (1996) in a Harvard Business Review article, *The Core Competence of the Corporation*, describe the firm as a portfolio of competencies that make up the strategic architecture. The core competencies are at the foundation of the architecture and form the basis for key products and services. The source of competitive advantage, according to these authors, is “management’s ability to consolidate corporate-wide technologies and production skills into competencies that empower individual businesses to adapt quickly to changing opportunities.” These competencies must be continuously enhanced, must not deteriorate with use and are difficult to imitate.

The industry structure model and the resource-based view both attempt to get at explanations of how the individual firm derives above-normal returns. Papers by Dyer and Singh (1998), of the Wharton School explore the relational view, which goes beyond the boundaries of the firm. Their thesis is that “firms that combine resources in unique ways may realize an advantage over competing firms that are unable or unwilling to do so. Thus idiosyncratic interfirm linkages may be a source of relational rents and competitive advantage.” The determinants of relational rents are (1) Relation-specific assets; (2) Knowledge-sharing routines; (3) Complementary resources and capabilities and (4) Effective governance. Alliances and networks are the barriers to imitation in the relational model. In the industry structure view, there are industry barriers and in the RBV there are firm-level barriers. The relational view is very relevant in an era of mergers and acquisitions where the boundaries around traditional business structures are falling.

Case Studies of the Porter, the RBV, and the relational model all demonstrate that formulating and implementing strategy are critical for long run performance of business entities. Porter demonstrated in the cases of the Vanguard Co. and Southwest Airlines how creating uniqueness and strategic fit led to above-normal returns and inimitability. Hamel and Prahalad followed two companies GTE and NEC and demonstrated how differences in the development and nurturing of core competencies led to growth of NEC and decline of GTE over an eight-year period.

Dyer and Singh have proposed that the network that Toyota has with its suppliers, gives it a competitive advantage relative to GM, thus supporting the relational view of strategy.

Traditional Planning Versus Strategic Planning

Andrews, in his text on Business Policy, identified two equally important aspects of strategy, formulation and implementation. Although obviously interrelated, he felt that they could be “separated to the extent practicable in our study of the concept”. Formulation versus implementation has led to the debate of what is strategic planning. Mintzberg (1994) in *The Rise and Fall of Strategic Planning* has been very vocal in lamenting that there is a great misconception of what strategic planning is and is not.

Conventional planning is a goal-setting exercise that fails to embody any real understanding of competitive advantage. In many large companies and at universities, what was called ‘strategic planning’ became an exercise where top management determined the goals and handed them to the divisions and departments to be implemented. When the desired outcomes did not materialize, there was a general misconception that strategic planning failed.

Rowley, Lujan and Dolence in their book *Strategic Change*, highlight four major differences between traditional and strategic planning. The main distinction is the mind-set, with conventional planning being an inside out while strategic planning is an outside-in approach. Conventional planning sets goals and then develops steps to achieve them while strategic planning aligns an organization with its environment. Next is specificity versus direction. Conventional planning emphasizes specific goals such as budget outcomes while with strategic planning the focus is on direction in meeting long-term goals. The third difference is focus, with conventional planning being more parochial and specific while strategic planning is concerned with long-term stability and survival. The last difference relates to time, with the former emphasizing a single completion date rather than an ongoing process. In the final analysis the major test of strategy is to identify what is at the root of competitive advantage and how it can be transferred to other organizations.

Literature Related To Higher Education

Some authors like Hardy (1991), *Journal of Higher Education*, questioned the notion of deliberate strategy in a university context. Hardy thought this was unlikely in a university setting with decentralized power, professional autonomy, loose coupling, complex committee structures, and government intervention. She felt that a broader model was needed that does not preclude deliberate, planned strategy, but that recognizes that strategies can emerge.

George Keller in his book titled, *Academic Strategy* (1983) emphasized key questions institutions should ask such as; “What business are we really in? What is most central to us? How shall we proceed?” Keller focused on the industry-analysis model, the outside environment, as well as the inside capabilities of the institution. The institutions studied were Reneslaar Polytechnic Institute (RPI) and Carnegie-Mellon University (CMU). Both are success stories because of a deliberate use of strategy. Through the use of SWOT analysis, RPI became one of a small number of first-ranked, distinguished technological universities in the United States. CMU focused on comparative advantage and core competencies. These examples demonstrated Michael Porter’s main argument that “being ‘all things to all people’ is a recipe for strategic mediocrity and below-average performance”.

One of the biggest problems higher education is facing is spiraling costs. This was best expressed in a paper titled “The Lattice and the Ratchet”, (1990), *Policy Perspectives*. The administrative lattice referred to the escalating growth of administrative staff and the academic ratchet referred to the loosening of faculty’s commitment to the institution. Cost-plus pricing, the practice of setting tuition rates to fund all current programs plus all new initiatives was the norm in higher education as discussed in “Cost Containment: Committing to a new Economic Reality” by Zemsky and Massy, (1990), in the journal *Change*. The market has corrected itself to some extent due to intense competition. Massy and Meyerson, (1992) in *Strategy and Finance in Higher Education: Surviving the ‘90s*, and (1994), *Measuring Institutional Performance in Higher Education*, urged higher education institutions that “spurn planning like a body rejecting a new organ” to plan and implement policies more effectively. This thinking has seeped

into the thinking of most institutions. Credit ratings, benchmarking, financial indicators, and total quality management are now part of the fabric.

Dolence, and Norris in a 1994 article titled “Using Key Performance Indicators to Drive Strategic Decision Making” outlined a set of implementation procedures behind a “strategic decision engine (SDE).” The sequence of activities illustrated how an organization can align itself with its environment. The first step was to develop key performance indicators (KPIs), perform external and internal assessments, do SWOT analyses relative to the KPIs, generate ideas, compare them to the KPIs, formulate mission, and finally implement and analyze performance. The main point was to use KPI’s as the focal point of the strategic planning process. These authors had experimented with this model at the University of North Colorado and Illinois Benedictine College.

Dooris and Teeter in *Total Quality Management Perspective on Assessing Institutional Performance* used the strategic planning process at Pennsylvania State University to demonstrate how to adapt planning, total quality management, and performance indicators to improve the planning process. De Hayes and Lovrinic in *Activity-Based Costing Model for Assessing Economic Performance* examined how Indiana-Purdue University, Indianapolis, could better obtain and allocate resources by designing and developing activity-based costing tools to address cost pressures. Indiana University has adopted an economic model called responsibility center management (RCM) to enable financial management to be tied more closely to academic management.

More recently, practitioners in the field have been writing guides to planning with worksheets, questionnaires and procedures to enable institutions to develop their own strategic plans. Examples of these are by Hunt, Oosting, Stevens, Loudon and Migliore and another by Rowley, Lujan and Dolence. Rowley et al (1997) in *Strategic Change in Colleges and Universities* discussed competitive advantage or “niching”. They felt that the difference between private enterprise and colleges and universities was that the latter do not control their niche nor can they manipulate their environment as readily as private businesses. Some colleges and universities are mandated to serve a constituency regardless of the economic consequences or their own areas of competence. Their mission is influenced externally by state legislatures and accreditation agencies. Another major difference is shared governance between faculty, administrators, governing boards, and alumni, which makes decision-making very cumbersome. Despite the odds, Rowley et al felt that the possibilities for a focused niche are profound because if it makes no difference where one goes to school then legislatures will consolidate to reduce costs.

Critique Of Strategic Planning

By the end of the 1990s institutions had experimented with strategic planning and there was sufficient evidence to study the impact and the usefulness. In a study of thirteen institutions, Leslie and Fretwell, (1996), in *Wise Men in Hard Times: Creating and Managing Resilient Colleges and Universities*, disputed many of the claims made by the strategic planning literature which they felt placed too much emphasis on vision, mission, achieving consensus and pursuing a single integrated strategy. They felt the process oversimplified the complex reality of institutional life. In a review of this book Hearn, 1996 *Journal of Higher Education*, thought that Leslie and Fretwell demonstrated how institutions can deal simultaneously with multiple and distinct problems. Leslie et al expressed frustration at the “one size fits all” approach. The successful institutions in their study focused on the long-term, were able to articulate a vision, developed good information, had open communications, and engaged in continuous learning and adaptation. They followed recommendations of Mintzberg’s using “informal learning and gathering ‘hard’ and ‘soft’ information”, *HBR 1994*; and of James Brian Quinn that “strategy was emergent”.

The review of the literature suggests that “strategic planning” was considered one of the panaceas for fixing the multitudinous problems of higher education in the 1980s and 1990’s. It was not about developing a well-thought out strategy. Currently, there is sufficient evidence, case studies, publications, conferences, and consultants’ studies to distinguish what is working and what is not. The objective of this paper is to try to uncover whether the strategy models, described earlier, had an impact on the performance of a higher education institution.

Specific Research Questions

The objective of this research is to analyze whether the institution studied really had a strategy and how well it performed. The general research question is; ‘Are there differences in performance based on differences in strategy?’

More specific questions are as follows:

Does the institution have a strategy and if so, is it possible to describe the strategy, that is, did they follow one model versus another model?

- (1) Was the strategy implemented?
- (2) Does strategy lead to improved performance and does one strategy model lead to better performance relative to another?

Design

The case study was used as the research method. Whyte (1984) notes that researchers can go into greater depth when studying responses to surveys than is possible through survey research. Semi-structured interviews allow the researcher the opportunity to elicit as much information as possible from individuals familiar with the situation. Quantifiable data can be supplemented with observations or interviews enabling better triangulation of results. However, it is important to first address issues that might influence the validity of the findings.

Internal Validity

Several factors, such as strategy, leadership, and general market conditions, influence performance. While it is impossible to completely isolate one from the other, attempts were made in the content analysis, interviews, and questionnaires to try to separate the influences specific to strategy. The case study method allows the researcher to tease out these qualitative considerations. Another factor related to internal validity had to do with leadership. Was it the strategy or the leadership that led to better performance? If performance outlived the tenure of one leader, then it might have been the strategy in place that was responsible for better results.

Another threat to internal validity was general market conditions. Was it the strategy or the economic environment? However, if the tide for all higher education institutions rose in the geographic area but the college in the sample demonstrated a faster rate of growth than those in the control group, then it would be safe to draw conclusions about the effectiveness of strategy on the dependent variable, performance. Another method of improving internal validity was the triangulation of data. For example, did the content analysis of the strategic plans, as well as the interviews, reflect an intervention due to a change in strategy?

External Validity

One of the weaknesses of the case study method is the difficulty of projecting the findings to other situations, that is, it lacks external validity. The analysis and results is confined to the institution studied and it is not possible to make inferences to the larger population. This cannot be overcome given the nature of case study research.

Social Desirability Bias

Another weakness, that can be overcome, is the potential for bias given the subjective nature of the relationship between the researcher and the parties providing the data. To overcome bias, the content analysis, which is a significant part of the research method used for this study, was compared with the independent analysis of the content done by three independent raters. The tally of each independent rater was compared with the researcher’s to determine whether the findings corresponded or differed. Other methods of controlling bias were, structuring a standard questionnaire, where possible; avoiding loaded questions; and tape-recording interviews.

The case researched is a longitudinal study done over a ten year period for an institution that grew very rapidly from a primarily undergraduate college to one offering graduate, professional, and non-traditional programs. Data for resources allocated at the program level was not readily-available, however, performance data was accessible from a public database as well as from the institution.

Operationalization

Question 1: Does the institution have a strategy and if so, is it possible to describe the strategy, that is, did they follow one model versus another?

To operationalize whether a strategy did or did not exist, and what academic model of strategy was followed, a content analysis was done on the major sources of information, the strategic plans. Interviews were also a major source of data collection. In some cases they were audio-recorded; in others, they were informal and added to the contextual data.

Inter-Rater Reliability

The data suggested that there was moderate inter-rater reliability at the .05 level of significance. The three strategic plans for Eastern College were classified according to the three models of strategy; the industry analysis, (IAM); the resource-based (RBM); and the relational model (RM) by three raters and the researcher independently. The page was the unit of analysis and was rated according to one of three models. The reliability of the rating system was measured by the inter-rater agreement, or the kappa coefficient, which was introduced by Cohen (1960) for measuring nominal scale chance-corrected agreement.

For the 1990-1995 strategic plan, the simple kappa coefficient was .77 with a sample of 18 pages. This indicates moderate agreement. Values of kappa less than .4 are indicative of slight agreement while values greater than .8 indicate excellent agreement. Since the confidence bound did not contain the value 0, the null hypothesis was rejected that $\text{kappa} = 0$ for this data. This means that there was significant agreement between the researcher and the raters, at the .05 level of significance. The kappa coefficients were computed in SAS using Stokes et al (1995). For each plan there was moderate to excellent agreement between the researcher and all the raters. All the kappas were significantly different from zero at the .05 level of significance. Hence there is excellent reliability between the researcher and the raters.

Which Model Had The Highest Frequency?

A guide was provided to the raters for coding. The findings were as follows: two raters agreed with the researcher's findings that the **1990-1995** Strategic Plan had more evidence of the use of the industry-analysis (IAM) over the resource-based model (RBM). All the raters and the researcher found a preponderance of evidence for the Resource Based Model in the **1995-2000** Strategic Plan. For the **2000-2005** Strategic Plan, the content analysis of the raters' differed from that of the researcher's. It is possible that this discrepancy is weighted by the interviews, which the researcher had with the president, the academic provost, as well as the Dean of the School of Professional Studies.

Interviews

Another method of collecting data to answer question one on whether the institution had a strategy, was with interviews. Most interviews were carried out in private and at the informant's workplace. Some interviews were audio-recorded. The interviews were conducted in stages, the first one being non-directive in style asking general questions. These provided the basis for a second, more focused interview at a time and location that was convenient for the executive.

The interview questions tried to get at the involvement of various levels of the organization, the importance of the strategy function in the hierarchy, and the importance of the role of strategy and its culture to the organization. The sophistication and complexity of the plan and the process, as well as the influence of models were ascertained

from the level of awareness and training of the individuals involved. Did key personnel have the authority and flexibility to carry out programs? Was there interdependence of the measurement and control system and was the reward system integrated with the strategic goals?

Question 2: Was the strategy implemented?

The data to answer question two came from the strategic plans, which reviewed allocation of resources for projects in the preceding plan. The strategic plans gave qualitative and some quantitative data on the human and physical resources allocated to implement the strategy.

An important criterion in constructing a time series of variables within an institution is to obtain comparable data. When rapid changes are taking place in an organization, accounting classifications tend to lag administrative changes. This tends to corrupt the data. Steps were taken to obtain data directly from the institution; to adjust for obvious discrepancies; to investigate outliers; to have the data reviewed by an objective person outside of the immediate financial area and wherever possible to use audited financial.

References to resource allocation were verified with evidence that was tangible, visible and experienced by the researcher first hand due to a five-year association with the colleges. There is contextual evidence that human, physical and financial resources were allocated to accomplish the goals of the strategic plans. Such evidence of resource allocation is the widespread use of billboard and radio advertisements of non-traditional programs; rental of space in convenient locations; or construction and renovation of new residence and office facilities and access roads. Also relevant to the researcher is the initiation and growth of an administrative unit dedicated to major new programs. In addition, a steady rate of increase in expenditure was a good indicator of growth.

Question 3: Does strategy lead to better performance?

Data to answer question three, which relates to both enrollment and financial performance, were available from the Integrated Post-secondary Education Data System (IPEDS) data sources. IPEDS is a database that is coordinated and maintained by the U.S. Department of Education. It is the standard data set used for empirical analysis of higher education. It was established as the core post secondary education data collection program for the National Center for Education Statistics and is built around a series of interrelated surveys to collect institution-level data in areas such as enrollments, finances, program completions, faculty and staff.

The objective for reviewing the data was twofold. The first was to analyze a set of outcome variables. These were enrollments, tuition revenues, capital expenditures and mandatory and non-mandatory transfers. The second objective was to make comparisons, first of the sample institution with a control group of private colleges that belonged to the same geographic segment and the same religious affiliation. The comparison was to determine whether the trends in outcomes were simply a reflection of general market conditions, or the independent variable, strategy.

Overall, the CGR rate for total enrollment at all private, Protestant colleges in the Mid-East region was flat 2%, relative to the 7.6% compound rate for the institution studied. These colleges are in the same industry segment and experience the same industry conditions but did not experience similar growth rates. A 7.6% CGR is very high for a small liberal arts college. The statistical analysis supported the findings discussed above. It showed that the slope for total enrollment (.08) was significantly larger than the slope for the Protestant control group (.02), $p = .004$.

Summary Of Results

The study on whether strategy leads to performance had three specific questions: (1) Did the institution have a strategy? Did it follow an academic model of strategy? (2) Did it allocate resources? (3) What were the results?

Eastern University, the institution studied, had a vision of what it wanted to be, allocated resources and made great strides in performance. This does not mean that their strategy was not evolving and they were not emphasizing

new and different approaches every step along the way. They set out to be an innovative Christian liberal arts college as well a leader in the non-traditional adult market. They achieved that after a decade. Each five-year planning period, they emphasized different elements of the three academic models of strategy. The data showed more emphasis on the industry analysis model in the first five years, the resource-based model in the second five years and the relational model in the current five-year plan.

More recent interviews with members of the executive staff at Eastern reveal concerns about continuously redefining their competitive edge of the non-traditional programs as well as the traditional undergraduate programs. Given the intense competition in the adult market in the Philadelphia area, Eastern has broadened its geographic base; added more programs; and is relentlessly researching new ways to have a competitive advantage. They set the standard among colleges in the Philadelphia area and its immediate vicinity with its cohort-based program tailored to the needs of the adult learner.

In the discussion of strategy versus leadership, the academic provost sounded a warning of two tendencies that are prevalent after a new paradigm has succeeded. One is a tendency to pull back and another is a tendency to maintain the status quo. The challenge as he sees it is to have a good blend of strategy and leadership. With strategy, the focus is always on innovation. Leadership calls for ensuring that there is a good distribution of two types of individuals within the organization, the entrepreneurial and the managerial. Eastern currently has an entrepreneurial president as well as strong managers to run the non-traditional programs. This blend plus continuation of the development of a culture of strategic thinking at Eastern should bode well for the future.

Comparison Of Academic Models Of Strategy

Eastern University's success in the use of strategy and its resulting performance, indicates that a combination of models is really what it takes. Timing and environmental challenges might influence the more apparent use of elements of one versus another. This does not mean that there is no usefulness for the strategy models or that strategy making is haphazard. The Eastern case shows that knowledge of strategy and use of the principles of the strategy models were an integral part of Eastern's strategic plans. The content analysis provided ample evidence of the importance of industry analysis, SWOT analysis, use of core competencies, strategic alliances, strategic thinking and culture, competitive advantage, and first mover advantage, among others.

Henry Mintzberg in *The Rise and Fall of Strategic Thinking* (1994) seemed to be on to something when he said that strategy making displays the following characteristics (only the relevant ones are shown):

- It is derived from synthesis
- It is informal and visionary, rather than programmed and formalized.
- It upsets stable patterns.
- It is done in times of instability characterized by discontinuous change.
- It results from an approach that takes in broad perspectives; it is therefore visionary, and involves a variety of actors capable of experimenting and then integrating.

It seems that the Eastern case incorporates all the above characteristics, and could provide the empirical evidence to prove that strategy and strategy models work. As noted earlier in the literature review there is insufficient empirical evidence about the successful turnaround of institutions where strategy is a major factor. This case study should move the body of literature on strategy, especially for higher education, from the anecdotal to the empirical.

LIMITATIONS

One of the limitations of the study is the research method used, that is, the case study method. The findings cannot be extrapolated to other institutions. They are specific to the institution studied. Another limitation is the fact that it was not possible to compare the performance of the institution on an equal plane with others because of differences between programs, locations and emphases.

Another issue was whether performance is a result of strategy or leadership. The test was whether performance continued to improve even after a change in the leadership that implemented the strategy. The assumption here is that performance is not dependent upon the individual but upon a culture and a process that outlasts the tenure of an individual. While the Eastern case bears this out, it is still difficult to separate the effects of one versus the other.

IMPLICATIONS

Implications For Theory

The present findings add to the body of literature on strategy formation or to what Mintzberg calls “the sophisticated understanding of the rich reality of strategy formation.” The strategy making process as discussed in the Eastern College case is part of a larger debate on the evolution of an organization’s strategy. Is it deliberate or emergent? Mintzberg, 1976, in *Management Science* expressed the difficulty in strategy formation stating “there is no process in organizations that is more demanding of human cognition than strategy formation.” Eastern’s strategic process can be viewed as the “interplay between a dynamic environment and bureaucratic momentum, with leadership mediating between the two forces.”(Mintzberg) Their strategy seemed to be deliberate beginning with the 1990-1995 Strategic Plan when they wanted to be a religious institution as well as a school for professionals. However, a longer time span seems to suggest that strategy can be considered to be emergent based on the response to drastic environmental conditions.

The Eastern case study also disproves the “disjointed incrementalism” theory of Lindblom, (1963), “A strategy of decision.” Lindblom described policy making in government as a “serial,” “remedial,” and “fragmented” process in which decisions are made at the margin, more to solve problems than to exploit opportunities.” (Mintzberg, Ahlstrand and Lampel, 1998, *Strategy Safari*) Strategy formation at Eastern was far from being disjointed or incrementalist. The strategy process was deliberate, resolute and comprehensive.

Another pertinent aspect of evolutionary theory is the issue of induced and autonomous strategic processes discussed by Robert A. Burgelman, (1991) in an article in *Organization Science*. He studied the corporate strategy of Intel Corporation during the downturn of the DRAM business and the rise of the microprocessor business. Induced and autonomous strategic processes coexisted and ultimately led to the evolution of a strategy that enabled Intel to make the right decisions at a very critical time. The induced strategic process was the official strategy and organizational structure, put in place to carry out Intel’s corporate strategy. But Intel also had an autonomous process, which allowed entrepreneurship or “outside of the main strategy” projects. The Eastern success story is one example that fits Burgelman’s call for future research to examine whether successful firms are characterized by top managements who spend efforts building the organization’s strategy making processes. Their top management definitely spent considerable time and resources formulating and implementing strategy. Teams, committees and storyboarding sessions are always searching for entrepreneurial ventures.

Further research is necessary to understand the strategy formation processes of other institutions to shed light on this complex organizational process. However, this case is a good example of how a tops down and bottoms up strategy could result in the turnaround of a stumbling institution

Implications For Academic Scholars

This research has implications for several audiences. The first is for academic scholars who tend to describe strategy in very general terms. It is not enough to say that institutions must have competitive advantages, or core competencies that led to some firms performing better than others. This leads to the homogenization or simplification of a body of research that other academics but especially practitioners urgently need. The literature leaves the reader with general prescriptive remedies such as industry analysis, SWOT analysis, or assessment of core competencies. The finely grained research on what really works in particular industries or companies is now taking place. It is from this body of research that academic scholars need to begin mapping out a more comprehensive theoretical framework. Such a framework should not only tell the reader about the coordination of activities, or the building of core

architecture, but should go behind the scenes and demonstrate possible scenarios for capital budgeting, marketing, human resource planning and management, among others. Strategy could be viewed as a long-term investment decision. If that is the case, the discussion needs to be framed around the competitive advantage with the resultant capital structure decisions.

Implications For Presidents Of Colleges And Universities

The second group for which there are implications is presidents of colleges and universities. The literature suggests that this group wants solutions. Their main interest is implementation as verified from the strategic planning exercises spelt out in the books written by these executives. Presidents of universities should be spearheading their unique line of research on what is relevant to their institution. There is need for case studies at every level of the organization, as well as for the entity. The body of institutional research should be developing its own definition of strategy in a higher education context and demonstrating how to implement it. These institutions have been doing some form of strategic planning over the last decade. They should be willing to share the data with researchers, as well as document the process and the performance data. It is only by studying the strategic plans and the ensuing performance of large numbers of institutions, can a body of literature begin to emerge to assist future researchers and practitioners. As noted at the beginning of this study, strategy is a fairly new area of research. More case studies and industry studies would add depth to the theoretical models, which need to be tested, improved, and adapted to be more useful.

At the individual institution level, there should be more education at every level on what is strategy. This information is very narrowly distributed and the grass-roots levels of the organization do not get involved in discussions about the most feasible ways to allocate resources and to measure performance. More research needs to be done on how to develop a strategic thinking culture. This would enable institutions to be more dynamic in defining strategy and analyzing performance.

The literature documenting strategic planning at some institutions has been too process-oriented rather than innovation-oriented. Mary Benner in an unpublished paper titled *Process Management, Technological Innovation, and Organizational Adaptation*, 2001, studied the conflict between process management's focus on variation-reduction and stability and the demands for innovation and change required for adaptation in changing environments. The paint industry, representing a stable environment, and the photography industry, which has undergone a major shift to digital technology were used to explore the relationships. The preliminary results show that despite the urgent call for innovation and change in times of rapid technological change, "process management activities focused on mapping, incrementally improving, and adhering to organizational processes have been adopted. These activities aimed at refining and stabilizing processes may be in conflict with the non-incremental forms of innovation required for adaptation in changing environments". Higher education as an industry should be pursuing rapid innovation. Instead, there are small pockets of innovation taking place, but most of the change is slow and incremental. The research and literature reflect this lack of innovation. Authors talk about the need for change but the discussion is either too general or too process oriented.

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