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**SOME THOUGHTS ABOUT TRANSFER OF BUSINESS  
STRATEGY PROCESSES TO TERTIARY EDUCATIONAL  
INSTITUTIONS**

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## **1. INTRODUCTION**

The last decade has been a major challenge for the Czech tertiary educational institutions and their management. During the years of a rigid totalitarian regime these institutions were - similarly to other spheres of life - subject to centralised planning in most respects including imposed input, process, and output parameters. Universities were "domesticated in the sense that they were protected by the society they served" (Carlson, in Bush, 1995). A majority of the decision makers at an institutional level only experienced a classical top-down planning approach which, as Dobson and Starkey (1993) point out, "can only work in a stable, predictable environment" as it is mostly inward-oriented and unflexible.

These relatively stable conditions have dramatically changed as a result of the political and socio-economic development after 1989. Tertiary educational institutions have been forced to learn how to cope with a turbulently evolving external as well as internal environment.

As regards external environment, attempts to introduce market relations have been made (e.g. an extensive growth of tertiary educational network, a diversification and a liberalisation of the system, increased autonomy of individual institutions, per capita funding principles, significant shift of demand for educational programmes, etc.). Simultaneously, however, various regulative measures have been taken which, to a considerable degree, constrained further development of the system. Furthermore, after a relatively long period of legislative uncertainty the long expected new law on tertiary education has been finally approved of and in January 1999 started to operate. Consequently, the whole system is currently facing another earthquake, entirely different external conditions and new demands. The above mentioned external changes have obviously had a significant impact on the internal environment in tertiary educational institutions. To list just the most pressing issues, universities have felt an urgent need for a new curricular policy, for a change of their culture and climate, for previously unheard of managerial qualities of their senior management teams, etc. Hand in hand with the newly acquired

autonomy new approaches to management have become 'a must', as in a competitive and often unpredictable environment the institutions "will be responsible for their own destiny" (Fidler and Bowles, 1989).

Some of the recent literature on educational management suggests that strategic management, which has received increasing attention in the commercial sphere during the last three decades, "should go on in all sectors" (Fidler, 1996) including the non-profit-sphere.

This paper will attempt to discuss whether the business strategic processes can be successfully transferred to educational institutions.

## 2. STRATEGY

In order to summarise the basic principles and processes of strategic management it is necessary to define the basic concepts.

What is strategy? The Greek military origin of a formal definition of strategy as "the art of the army general" (Strategos), which according to Dobson and Starkey (1993) includes "drafting the plan, shaping individual campaigns and, within these, deciding on individual engagement with the enemy", has over time developed into a much broader concept. Recent literature on management offers numerous definitions. Fidler (1996) argues that "strategy is concerned with the long-term future of an organisation - that which makes it distinctive, the broad directions it takes". Quinn (in Fidler, 1996) describes strategy as "the pattern or plan that integrates an organisation's major goals, policies and action sequences into a cohesive whole". Others emphasise environmental influences and market orientation. A valuable synthesis is provided by Johnson and Scholes (1993):

"Strategy is the *direction* and *scope* of an organisation over the *long term*: ideally, which matches *resources* to its changing *environment*, and in particular its *markets*, *customers* or *clients* so as to meet *stakeholder* expectations."

There are two main perceptions of strategy: classical planning approach to strategy which is predominantly concerned with the aim, the outcome, while process strategy is perceived as an ongoing and changing concept.

Strategy is a complex issue and its formulation is not always a simple rational process. Mintzberg (1989), for instance, distinguishes realised strategies from intended strategies when pointing out that "strategies are both plans for the future and patterns from the past". Furthermore, he stresses that "strategies need not be deliberate - they can also emerge" as a result of learning from actions. Johnson and Scholes (1993) add further dimensions of imposed and opportunistic strategies, noting at the same time that during the implementation phase some of the intended strategies must be abandoned.

## 3. MISSION

Strategic thinking has been much influenced by military thinking about the strategy hierarchy of missions, goals, objectives, strategies and actions/tasks (including control and rewards).

The concept of a mission for business organisations is largely based on guidelines set forth by Drucker who believed that "a business is defined by its mission" (in Dobson and Starkey, 1993). Peeke (1994) states that clarification of mission is equally important for educational institutions as "the mission process aids the establishment of a clear purpose, ... assists communication and decision making, ... facilitates marketing, ... aids evaluation activity, and helps in responding to contraction". In Limb's study (in Bennet, 1992) the articulation of the mission is actually considered the starting point for the process of strategic analysis of educational institutions as it embodies educative philosophy and values.

From the broad concept of a mission goals are derived which may well be qualitative in nature; objectives then often represent their quantification or more concrete statements. In order to achieve the objectives strategies are formulated and further translated into actions. The extent to which the actions are achieving goals and objectives is monitored.

#### **4. STRATEGIC MANAGEMENT**

Management is concerned with decision making, strategic management requires making decisions in an organised way. Strategic decisions, however, are not limited to the traditional operational level; a key concept for an organisation is to be constantly adapting to the environment to find the best fit. Managers, in Sir Harvey Jones's famous phrase, are responsible for "making it happen". In other words, strategic management is not only concerned with decision making based upon an ongoing strategic analysis, but also with implementation and evaluation. Johnson and Scholes (1993) put emphasis on four key implications of strategic management:

1. " - strategic management is concerned with complexity arising out of ambiguous and non-routine situations with organisation-wide rather than functional specific implications."

2. " ... it is necessary to make decisions and judgments based on the conceptualisation of difficult issues."

3. "The need is to build organisational capability in strategic response (to the environment) and action."

4. "Managers (must be able) to reduce the vast variety and range of environmental outputs to a personally manageable frame of reference."

Since 1970s strategic management has been promoted in business thinking where it is bound up with competition: "The fundamental basis of above average performance in the long run is sustainable competitive advantage." (Porter, in Fidler and Bowles, 1989). Profit is directly linked with client or customer satisfaction.

Here, obviously, a fundamental difference between commercial and non-profit organisations (including educational ones) must be emphasised:

"Non-profit organisations have a number of distinctive features compared to most commercial organisations. They generally have more diffuse aims and have a strong service ethic. They are generally judged and are influenced to a greater ex-

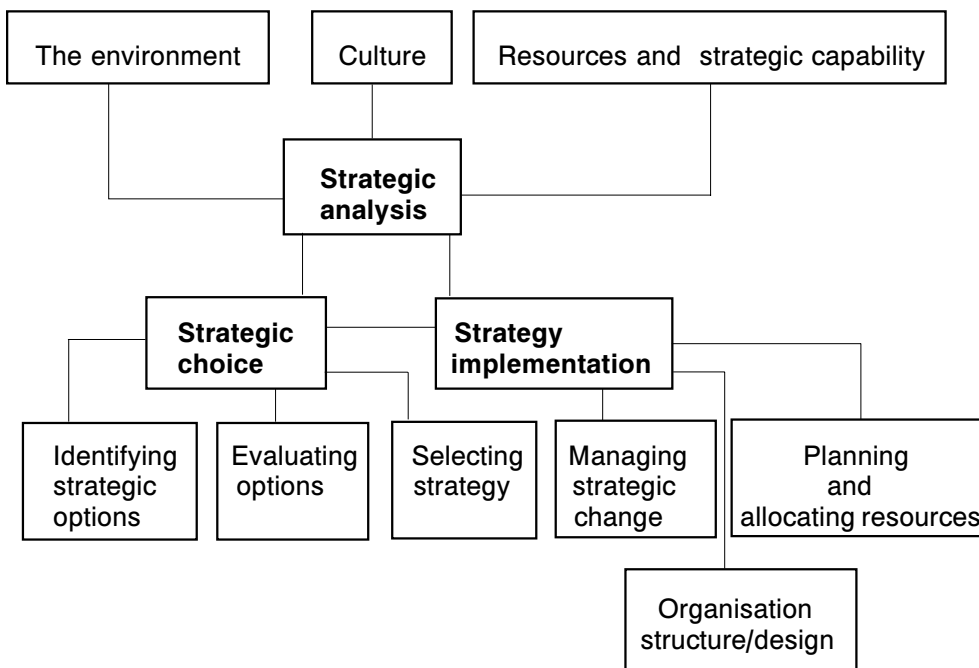
tent by political considerations. Finally, and perhaps most critically, their clients do not usually fund the service directly.

The last feature, which is shared by most public schools, means that income and client satisfaction are not directly related. ....Thus, there may be two different agendas: one concerned with providing a good service and the other concerned with pleasing paymasters who may have a rather different political set of criteria for judgment." (Fidler, 1996)

## 5. MODEL OF STRATEGIC MANAGEMENT

Literature on management of commercial organisations offers various formulations of how strategy is developed and implemented. Fidler (1996) provides a comparison of four different models for both commercial and non-profit organisations. He argues that the composite model developed by Johnson and Scholes "has many advantages, including an easily memorable visual presentation, and incorporates elements of the micro-politics of organisations which are helpful in planning strategy".

The following well-known diagram illustrates the three stages of the model, each of which has three major parts:



(Johnson and Scholes, 1993)

## 5.1. STRATEGIC ANALYSIS

Strategic analysis aims at understanding the strategic position of an organisation. The authors put stress on an ongoing character of strategic analysis.

The first step is to examine the environment, i.e. the complex political, economic, social and technological context in which the organisation is positioned and by which it is affected (PEST analysis). Thus, environmental scanning is both outward-looking and forward-looking as it attempts to predict opportunities and threats the environment poses to the organisation. For educational institutions it is vital at this point to consider the external stakeholders, mainly - in Fidler's words (1996) - "the agenda of the paymasters".

The second component of strategic analysis is resource audit carried out to assess the strategic capability of the organisation. The identified strengths and weaknesses related to the key issues from environmental analysis (SWOT analysis) provide crucial findings for formulation of strategy by which the organisation will take advantage of opportunities and minimise threats.

The interpretation of both environmental and resource analysis may considerably differ according to the organisational culture, i.e. basic assumptions and beliefs. Fidler and Bowles (1989) point out that "increasingly, culture has been regarded as a critical factor associated with organisational success". Culture is closely connected with the expectations of the stakeholders and with the purpose of the organisation; therefore, formulation of a clear and (ideally) shared mission of the organisation is crucial. The concept of the paradigm proposed by Johnson and Scholes (1993) and analysed through the cultural web "bonds the taken-for-granted assumptions or beliefs to the day-to-day action of organisational life". They recognise the following components of the cultural web:

- *the routine*, i.e. the way we do things around here, which at its best may provide a distinctive and beneficial organisational competency; however, it "can also represent a taken-for-grantedness about how things should happen which is extremely difficult to change";
- *the rituals* such as promotions, assessment, etc., as signals of what is especially valued;
- *the stories* which "embed the present in its organisational history";
- *the symbols*, i.e. logos, titles, or the type of language and terminology used, which "become a short-hand representation of the nature of the organisation";
- *the control systems*, i.e. measurement and reward systems deployed to emphasise what is important;
- *power structures*, i.e. the informal or micropolitical hierarchy;
- *the formal organisational structure*.

## 5.2. STRATEGIC CHOICE

The results of strategic analysis provide a basis for the process of strategic choice. Generation of strategic options in the above mentioned Johnson and Scholes model includes three important considerations: identification of a generic strategy, looking at alternative directions for the organisation, and methods by which it may develop.

As regards generic strategies, Porter (in Johnson and Scholes, 1993) identified three main types of competitive advantage for organisations in the business sector: low-cost, differentiation and focus. Fidler and Bowles (1989) claim that in non-commercial organisations this would clearly reduce to differentiation or differentiation focus.

A range of techniques may be used to evaluate strategic options in terms of their suitability, feasibility and acceptability in order to select the strategy or strategies.

### **5.3. STRATEGY IMPLEMENTATION**

Whatever strategies may have been selected, "it is usually during the implementation phase when problems are most likely to occur" (Inger Boyett, lecture, Nottingham 1996).

In order to translate strategy into action resources are required and must be allocated. The structure of the organisation, "the relationship of people and tasks" (Fidler and Bowles, 1989), must facilitate successful achievement of strategy. Amongst the various classifications of organisational structures, summarised e.g. by Johnson and Scholes (1993) and others, Mintzberg's five forms are probably best known. As regards professional institutions, Mintzberg (1989) states that "what frequently emerges ... are parallel and separate administrative hierarchies, one democratic and bottom-up for the professionals, a second machine-like and top-down for the support staff". This certainly applies to most tertiary educational institutions in our country. An important part of hierarchy relates to the chain of command and span of control by which the shape of an organisation is dictated. It should be emphasised that in the times of change flat structures are considered more effective by the current management theory. The change of organisational structure, however, is a sensitive and usually long-term process inevitably linked with transformational leadership (Caldwell and Spinks, 1992).

The last component of the model is management of strategic change on an operational level, "the process of management and actions of managers" (Johnson and Scholes, 1993).

The above stages and components of Johnson and Scholes' model are not sequential but interactive; the seemingly rational process actually has a substantial political and micro-political character.

### **5.4. STRATEGIC CHANGE**

Approaches to management of strategic change may differ substantially. Chin and Benne (in Fidler, 1996) have devised three main approaches: power/coercive, rational-empirical, and normative/re-educative. This classification does not imply that the approaches are necessarily used as alternatives, rather the managers select or use them in combination according to the given phase of the change process.

As strategic change reflects environmental changes, different pace and scope of change may be needed. Mintzberg (in Johnson and Scholes, 1993) identified four types of strategic change: continuity, incremental change, flux, and global or transformational change.

Attempts have been made to conceptualise the change process. Generally, three stages are recognised, even though different authors have labelled them in varying terms; Fullan (1989) presents them as initiation, implementation and institutionalisation. The degree of readiness of an organisation to change to a large extent depends on the developmental stage of the organisation within its life cycle.

In educational institutions change is often perceived as a process of school improvement (a qualitative change) linked with school effectiveness (Fidler, 1996, and others). In the effectiveness and improvement typology of educational institutions devised by Stoll and Fink (1996) these concepts are assessed in terms of how they respond to the environment; the identified types include "moving, cruising, strolling, struggling, and sinking institutions". Various initiatives as possible developmental vehicles for school improvement have been developed, such as Human Resource Management, Organisational Learning, Total Quality Management, etc. Fidler (1996) suggests that "some of these initiatives could be strategies in their own right and some could be components of strategies".

## 6. CONCLUSION

The senior management team of the Institute of Languages and Humanities of the University of Pardubice has decided to employ the above strategic management principles in order to achieve the desired improvement and increase of the effectiveness of the institution's operations. For obvious reasons, a reflection on this experience rather than the results of the exercise may be presented here.

Taking into consideration Fidler's (1996) recommendation "to please the paymasters" as the first condition of survival and further development of the institution, the focus was on economic, administrative, political and operational issues. In these spheres, the ideas of strategic management have been successfully applied: the Johnson and Scholes' (1993) model of strategic management has been used for strategic analysis, strategic choice and strategy implementation. The procedure has provided valuable information and identified the actions to be taken to implement the selected strategy.

At the same time, however, it has become apparent that the issues relating to educational values (including the quality of educational programmes investigated through truly qualitative instruments), which are paid much less attention by the central decision making bodies, cannot be fully addressed through the classical strategic management procedure.

The opinions of many professionals support the conclusion that values have been a neglected area in managing educational institutions. "Management theory in recent years has tended to focus on the technocracy of management, i.e. the tendency to focus solely on technical and operational issues, and there is a need, particularly now, where corporate values are becoming more invisible, to bring educational thinking back to the why and wherefore of schools ..." (West, 1993).

Similarly, Limb (in Bennett, 1992) states that "it is currently being acknowledged that the values of the academic culture may be inconsistent with strategic planning's emphasis on sensing, serving and satisfying markets". Education is formative in the sense of actively shaping the development of markets, it is proactive

in the sense of exerting influence on future social, political and economic development. Taking into consideration the diversity of stakeholders, the concept of client satisfaction may be found not fully applicable. Even the most obvious clients, the students, are not passive recipients, but active participants in the interactive processes of teaching and learning. "Emphasis is on developing people rather than on performance measurement." (West, 1993)

Therefore, caution is required when formulating the response to the initial question whether the business strategy processes can be successfully transferred to educational institutions. West's formulation (*ibidem*) is clear and precise: "Management skills (in educational institutions) must incorporate strategic and organisational competencies, but they cannot effectively *precede* a focus on values, or decisions become blind and headless."

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### **Résumé:**

Tématem příspěvku je problematika řízení terciárních vzdělávacích institucí v podmínkách dynamicky se měnícího externího i interního prostředí. Na základě analýzy zahraničních zkušeností prezentovaných v odborné literatuře a konfrontace výsledků této analýzy s reflexí vlastní praxe se příspěvek snaží najít odpověď na otázku, zda a do jaké míry lze i v terciárních vzdělávacích institucích aplikovat klasické principy strategického managementu.