Strategy Implementation in a Higher Education Institution: 

Successes and Failures

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Abstract

Strategy Implementation in a Higher Education Institution: Successes and Failures

This paper aims to provide some insight into the strategic management of Finnish polytechnics by considering their good practices and problems in strategy implementation. The result of the strategy implementation process should produce value for the major stakeholders. The empirical data consists of institutional strategies and interviews with the rectors of four polytechnics and with representatives of the middle management of two institutions. The data analysis is guided by the planning, learning and contingency perspectives. The findings emphasise the importance of the preparation process of the strategy, a spirit of shared strategic goals, a sense of a common higher education community and internal and external communication.
This paper considers the possible good practices and barriers in strategy implementation seen from the viewpoint of Finnish polytechnics. The polytechnics were established on the basis of existing upper secondary vocational institutes in a process that started around 20 years ago. Thus, the polytechnic sector is fairly new in Finland. They have rapidly and intensively established and developed their functions, internal administration and organisational processes. Currently, the polytechnics are important actors in the innovation system with a strong regional and applied role and an emphasis on bachelor-level education (Ministry of Employment and the Economy 2010).

The development of management and leadership in polytechnics was not a major concern in the first years of development. Now the polytechnics are increasingly committed to strategic planning and management in order to profile the institutions, improve the effectiveness of education and research and respond to the expectations of major stakeholders. A polytechnic is operationally run by an internal board, internal executive management group and a rector. Above these are the governing bodies of the owners. The owners have two major roles: strategic and financial steering of polytechnics. The internal board is a stakeholder model (see e.g. Trakman 2008, pp. 72-73) composed of a mix of internal members (teachers, non-teaching personnel, senior management and students) and representatives from business and working life. All Finnish higher education institutions are required to have quality assurance systems. Like the strategy implementation, quality assurance is expected to improve the performance of higher education institutions.

Strategies articulate the goals and objectives of an organisation and clarify how the organisation as a whole responds to the various stakeholders (Buckland 2009, Mintzberg 1987, West 2008). However, no single strategy or single strategic direction is self-evident in higher education institutions (e.g. Mintzberg & Rose 2003, Hardy et al. 1984). The strategy of a Finnish polytechnic has been characterised as a very complex phenomenon. The strategic thinking does not form a shared collective meaning structure in the polytechnic. Moreover, the strategy
may lack a future orientation. (Toikka 2002.)

The strategy implementation process is linked to the internal and external environments of an organisation. According to Kaplan and Norton (2002, p. 20, see also Welsh et al. 2006, p. 693) strategy must be a continual process in which the ability to skilfully balance the tensions between stable and changing circumstances is of paramount importance. The environmental context of an organisation determines how that organisation responds to environmental influence (e.g. Oliver 1997, p. 170). Different contextual circumstances stimulate different actions.

The most recent international governance trends of higher education stress that formal powers and the position of the executive heads have strengthened, strategic capabilities have improved and the role of external stakeholders has increased (Enders & File et al. 2008, pp. 24 and 26-27). In Finland, national policy reforms with similar types of goals are discernible. The polytechnics have external governing board members, the rector is appointed by the owner and in a company run polytechnic the rector usually has the position of chief executive officer.

Background

Strategies are important in the dialogue between polytechnics and their environments. The polytechnics have strong links with their regional environments through their functions and through their ownership structures. The owners of polytechnics play a crucial role in the development of polytechnics; they approve institutional strategies and, together with the Ministry of Education, are responsible for steering the institutions. Hence, the polytechnics operate under two separate steering bodies; the state and the owners. The polytechnics have been required to submit their strategy documents together with their implementation plans to the Ministry of Education for the performance agreement period 2010-2012. In the polytechnic specific strategies, national policy goals have to be taken into account. (Ministry of Education 2008.)

In the performance negotiations, the owner, the polytechnic and the Ministry discuss and agree on the polytechnics’ tasks, profiles and key development areas, quantitative targets, resources and results to be achieved with the resources and improvement targets. These negotiations end
with the signing of three-year performance agreements. In the intermediate years the Ministry will provide a feedback letter for each polytechnic. (Ministry of Education 2009.) Hence, performance-based steering is an important framework for implementing the institutional strategies. The strategic steering of owners varies from case to case. This implies that the polytechnics have varying local frameworks when organising their strategic management systems.

The direction of strategic development and the interests related to it are not necessarily always identical at the local and national levels. Moreover, the interests may also differ between an institution and its owner. One topical example is the nationally driven structural reform process in which the aim is to develop efficient and competitive higher education structures through new co-operation and mergers between institutions. In the polytechnic sector, the target number of institutions is 18 instead of the current 25. Three mergers have already taken place as the original number of polytechnics was 30. However, there is still strong pressure to reduce the number of institutions, but this is not locally in the interests of the polytechnic, its owner or in all cases the region.

The polytechnics have been set new tasks, such as research and development (R&D) and the education of post-graduate degrees. Internally, the polytechnics are operationally in different developmental phases. The same applies to their strategic management (Toikka 2002, Paasivuori 2002). From the viewpoint of management, the past few years have been related to change management throughout the polytechnic sector.

**Earlier studies**

Recent Finnish case studies illustrate that the polytechnic personnel has not been well informed about the expectations of senior management. There is a gap between the strategic management language used by the senior management and the everyday work of polytechnic personnel (Antikainen 2005, Puusa 2007). The Balanced Scorecard (BSC), which is widely used in Finnish polytechnics, is one tool to organise strategic management system and put the strategic goals in practice (Kettunen 2009, Paasivuori 2002).

The preparation process of the strategy is crucial, as also is how actors from students to senior management are involved in the strategy process. The strategic planning process is deemed
more important than the formal strategy document (Kohtamäki & Salmela-Mattila 2009). Wide participation of the personnel in the strategy planning processes and decision-making process should be encouraged by the institutional leaders (Welsh et al. 2006). When each organisational level participates in the strategy process, it enables interactive processes that enhance commitment in the implementation (Crebert & Daniel 1998, Crebert 2000). However, departments and individual personnel members may promote their own strategies and without or with little or no input from institutional management (Mintzberg & Rose 2003).

Departments and individual personnel members have greater potential for contact with the external environment and respond flexibly to external stakeholders. Higher education institutions face the challenge of formulating strategies broad enough to encompass the work of departments and personnel. (Fugazzotto 2009, see also Welsh et al. 2006, West 2008.) These tensions, among others, lead to balancing between intended and realised strategies (for more see Hardy et al. 1984, pp. 170-171). Middle managers have roles in allocating resources and coordinating the internal processes and they can make significant contributions to institutional strategy by leading efforts for operational effectiveness. (Fugazzotto 2009.)

Control and incentive structures in the implementation should be organised at the departmental level of higher education institutions. By control the progress of the implementation process is continually evaluated and the process can be adjusted if necessary. The most important is the incentive structure, which aims at an optimal realisation of the strategic goals. However, it is challenging to establish inspiring incentives in professional academic organisations. (Mouwen 1997, see also Ameijde et al. 2009.)

The Approach

Strategic management is one tool for addressing the changing environment (e.g. Freeman 1984, Mintzberg 1987, Pidcock 2001, Shattock 2003). In the vast body of strategic management literature various views can be found on how to deal with the environment and what to focus on.

Strategy implementation can be studied using top-down and bottom-up models (Sabatier 1986). The top-down model starts from a policy and considers to what extent its objectives are attained. The bottom-up model focuses on the actors involved in a policy and the factors
affecting their behaviour. (Sabatier 1986, p. 321.) These models lead to different solutions in the implementation process. When the implementation process is viewed as interactive, senior managers and other members of the organisation are involved in the implementation process, both top-down and bottom-up models are taken into consideration.

The combination of bottom-up and top-down models is integrated in the framework proposed by Okumus and Roper (1999). In their framework, implementation can be considered from the planning, learning, contingency, comprehensive and complexity perspectives (Table 1).

Table 1. Features of implementation (Okumus & Roper 1999)

<table>
<thead>
<tr>
<th>Features of implementation</th>
<th>Planning</th>
<th>Learning</th>
<th>Contingency</th>
<th>Comprehensive</th>
<th>Complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sequential implementation after planning by middle management and staff below them</td>
<td>Incremental implementation by middle management, formulation and implementation are mixed</td>
<td>Adapting with external factors, co-ordination of the implementation system</td>
<td>Every level of staff participates in formulation and implementation, combination of approaches</td>
<td>Connects organisation to other systems in the environment, implementation is not limited to specific parts in an organisation</td>
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<tr>
<td></td>
<td>Formal and analytical</td>
<td>Grafted and emergent</td>
<td>Formal/crafted</td>
<td>Episodic</td>
<td>Episodic and complex</td>
</tr>
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</table>

Each type has certain features regarding how the implementers behave and who participates in the implementation process. In the planning and learning perspectives the focus is on internal factors. The other three perspectives contain linkages between external and internal factors. In the learning perspective, participation enables the whole higher education community to move in the same direction (Crebert & Daniel 1998, p. 3). This study applies the planning, learning and contingency perspectives.

Case study
The research question guiding this study is

What kinds of good practices and barriers are there in the strategy implementation process at Finnish polytechnics?

This study focuses on factors that enhance or impede strategy implementation. Four Finnish polytechnics (referred to hereafter as cases A, B, C and D) participated in this study. These institutions were selected deliberately due to their educational profile, ownership and location. The case institutions are multi-field higher education providers, and over 80% of their operating funding sources are public. Case A is owned by a limited company, case B by a local authority, case C by a joint local authority and case D by a limited company. Case D is a recent merger between two polytechnics, one which was a local authority and the other a limited company run institution. After the merger, the new legal form of owner is a limited company. The case institutions are located throughout Finland. Semi-structured interviews were conducted with the rectors of these four institutions and with six middle managers of two case institutions (A and D) during site visits in the spring of 2010. The documentary data describes the most recent institutional strategies.

Findings

The strategic objectives of the case institutions were set from three to five areas. There were commonalities – like internationalisation, regional development, co-operation and intra-organisational matters - between the areas although the names of areas varied. In case A the strategic objectives concerned development-based learning, R&D and regional development, efficiency of studying and management of knowledge, personnel and finances. In case B the strategic objectives were set for internationalisation, future knowledge, partnerships and customers. In cases C and D customer, internal processes and personnel perspectives were used. In addition case C had a regional perspective and case D owner and partner perspectives. The key performance measures were presented and linked to the strategic objectives set in cases A, C and D. In the interview discussions the informants referred to these indicators several times. They were established with an idea of identifiable cause and effect relationships (cf. Kaplan & Norton 2002). Moreover, they were closely related to the goals set in the
performance agreements with the Ministry of Education.

In the most recent strategic plans the implementation was mentioned as follows

- the major actions based on strategic choices were specified, the implementation and the quality assurance system are linked (case A)
- the action plan based on the strategic themes and objectives will be drawn up (case B)
- execution per each strategic choice in the strategic areas is specified. A separate section concerning the implementation (description of the strategic management system) (case C)
- the unit specific action plans including concrete actions, responsibilities and resources will be prepared (case D)

The empirical data included one case institution (case D) where the implementation process was planning oriented, one case institution (A) where the learning perspective dominated and two case institutions (B and C) where the contingency approach dominated. However, these are not pure examples as, for example, the contingency approach was present in all of the cases.

**Case D: the planning perspective**

Internal performance negotiations, in which the goals for the units are set, and indicators were important strategic management tools. The strategy formation and implementation were seen as separate processes (cf. Mintzberg & Lampel 1999, Okumus & Roper 1999). The planning perspective also manifested as sequential implementation phases of the approved strategy. The implementation was developed towards process thinking and process management. These were principles applied with regard to the quality assurance system of the case.

Control of implementation was organised by holding management reviews in the units and by monitoring the units by collecting data using the various information systems. Two middle-managers described the implementation as follows:

“Our first task...the strategy is like a catechism: what is it?...This will be constructed in our personnel meeting this week. We will preliminarily discuss about what are our actions compared to what the polytechnic strategy sets as our goal....” (middle manager, case D)
“The strategy is not prepared to be as a fine declaration. It rather directs our everyday operations. You can evaluate after the each working day what bits of the strategy I promoted today.” (middle manager, case D)

The strategy in the above perspectives was translated into operational terms as suggested in the BSC model (Kaplan & Norton 2002, p. 9).

The rector of case D emphasised mobilising the whole organisation to implement the strategy. It was also deemed to be very important to have a feeling that the operations are shared and done together. Education and R&D teams and performance directors managed the implementation at the operational level.

Major success: External study field specific audits have been used successfully in the implementation of the strategic objectives. The external audits were soft ways of leading and they convince the personnel. They offered careful external expert analyses of problems regarding operations and structures. Hence, they provided analytical information for strategic decision-making. One recent example was closing a sub-campus and transferring the operations to the main campus. One additional example was advertising. Advertising has been integrated internally and supports the creation of a consistent higher education institution according to values articulated and towards the strategic objectives planned. Earlier each department applied their own ways and styles in advertising and in external communication.

Major problems: Numerous and coincidental strategic objectives were not plausible internally or externally. The decentralised regional higher education structures in case D were contrary to the national higher education policy goals. However, not all information lies in the central government according to case D. Regional actors must also consulted. It is the task of municipal authorities to oppose downsizing. The local authorities safeguarded their own interests and advantages. One solution applied has been incremental strategic development. The rector also pointed out that the governing body of the owner (a joint local authority with members from several local authorities) needs strategic and higher education expertise. According to middle-management the strategy and budget of case D are not linked. Resource allocations and strategy implementation process are separate processes.
Case A: the learning perspective

The strategy implementation was not rooted at the institutional level in case A; the starting point was rather to ensure a shared understanding of the content of the strategy throughout the institution (cf. Mintzberg & Lampel 1999, Okumus & Roper 1999). Thus the underlying strategy was constructed. Institution-wide and unit-specific meetings were organised. The strategy was discussed and in this way the personnel improved their knowledge and capabilities related to the strategy. The units operate geographically in seven localities and this was one reason to organise meetings. In the institution-wide meetings, departmental heads introduced their major results of the year and presented good practices. These meetings enhanced the development of a shared viewpoint regarding the strategy, a sense of community and an awareness of possible strengths and weaknesses in other units and in one’s own unit. A possibility to achieve a shared viewpoint regarding the strategy has also been doubted in the institution.

At the unit level, middle managers referred to grass-rooting of the strategy.

“Central strategies as such are not enough, instead, how the strategies are put into practice. This is systematised through the critical success factors in the whole institution, but also at the unit level, where the everyday work is done. We have kinds of levers, we get feedback information and we can follow our trends and in this way we get concrete tools to manage, what we have to improve and then it is a question by whom, that it is strategically effective and responsive to the set performance goals.” (middle-manager, case A)

The above quotation connects strategic management to the performance-based steering exercised by the Ministry of Education. Both the rector and middle-managers interviewed emphasised the importance of the quality assurance system that is a key part in the implementation process on all levels of an organisation.

Major success: Case A has been nominated by the national Finnish Higher Education Evaluation Council as one of the centres of excellence for 2010-2012 and four times earlier. During the 2000’s the case created its own learning-oriented teaching method by integrating education and R&D firmly together. The organisational structures are not based on study fields or degree programmes, but on an integration of different study fields. This further supported the integration of education and R&D of different study fields.

Major problems: According to the rector one major problem is personnel well-being. Changes
and continual development work burden the personnel. Some teachers have felt inadequate in their work. The teaching method developed needs strong motivation and continuous willingness to improve.

**Cases B and C: the contingency perspective**

Adapting to external factors characterised case institutions B and C. In case B there were active cultural, administrative and organisational integration processes ongoing. The merger in itself was an adaptive response to the national higher education policy. In its institutional strategy case B made various scenarios on their external environment. Its ambition was to be responsive to its external stakeholders. The strategic plan was rooted through the annual action plans.

Major success (case B): The rector did not specify any success factors, because the merger was very recent and it remained to be seen what would work and what would not. Internal working groups had been set up to discuss good practices in the pre-merger institutions and that might be useful in the future.

The mentioned working groups have members from both of the pre-merger institutions. It was expected that the cultural integration would be enhanced in this way. Although the enhancement of integrative processes was oriented bottom-up, the institutional management will be more managerially than collegially oriented according to the rector. A new ownership model strengthened the managerial characteristics in strategic development and management.

Major problems (case B): Major challenges were numerous, rapidly changing strategic objectives and short-term strategic periods. Numerous strategic goals were not always easy to integrate. Moreover, not all issues can be deemed strategic. One example was being an efficient education provider (numbers of degrees produced/teacher, proportional share of completed degrees/academic year) and being a competent learning and R&D environment producer for the students. A dilemma was that these should happen concurrently. A national policy goal was that R&D should be integrated into teaching. When students were active in project type R&D, it caused delay in their graduation.

“Numerous strategic objectives burden personnel and all can be good at least with respect to certain criteria they select …”numerous strategic objectives in a short time perspective leads to a situation where
the objectives cannot be achieved and they will be changed later with a comment that the objectives were not good” (rector, case B)

“One big strategic challenge is how to integrate strategic efficiency, timetables and flexible operations with the surrounding society.” (rector, case B)

“We do not operate in such a way, that we hire full time researchers. The starting point is that our students are in projects, it is not academic research...students come from the secondary level, it is very practical R&D...There are contradicting strategic objectives, you cannot improve all parts simultaneously. One reason to the delays in graduation is that the co-operation with the surrounding society is developed in Finland, there is no wisdom to solve this...” (rector, case B)

Case C has centralised its operations in the region by closing sub-campuses in five localities and re-locating them to the city where the main campus is. This was in line with the national higher education policy goals. The case has recently reformed its internal organisational structures and operations related to their basic functions and strategic management. New organisational structures were based on a matrix in which team-based management enhanced consistency, vertical and horizontal co-operation, efficient internal communication and rooting of the strategic plan. The strategy was rooted through the internal agreements between the central service centre and five substance centres (departments). These are closely linked with the performance agreement.

Major success (case C): All organisational structures have been reformed. The earlier organisational structure was based on 31 degree programmes. It was de-centralised and not manageable. The latest recruitments to senior management positions were based on applicants’ capacities as managers and leaders. The process was internal, but was carried out by interviewing and testing the applicants. The case had above-average external R&D funding.

Major problems (case C): Leader-centric expectations concerning the role of institutional management among the personnel were from the time and culture of the pre-merger institutions. This is to say that there was a need to learn a new type of management and leadership of an expert organisation. Establishing co-operative agreements with new partners means strategic re-considerations of operations that further probably leads to discontinuation of some operations, but this cannot be done immediately.

"It is hard to motivate people in situations where the question is about closing down the operations. It is like hanging people loosely on the gallows” (rector, case C)

The internal governing board did not have a strategic role. The governing board of the owner
(local authority) was the strategic decision-making body. However, it was not well dedicated to the polytechnic’s issues.

**Concluding remarks about the case institutions**

This study demonstrated that

- The major challenge in the implementation process is to legitimise and align national higher education policy goals with institutional practices and in some cases with the governance of the owners of case institutions.
- The major success in the strategy implementation is shared internal support and the capacities and knowledge of personnel to carry out the strategic plan.
- The major problems are the numerous, coincidental and contradictory strategic goals to be implemented in short time periods, the strong emphasis on numerous quantitative performance targets, and possible cuts in internal communication and parallel reforms.

The case study institutions aspired to make comprehensive reviews of their external and intra-organisational environments. This follows the idea of planning and contingency orientations in their strategy processes (Mintzberg & Lampel 1999, Okumus & Roper 1999). The new feedback letters will be produced by the Ministry of Education for the first time in 2010 and this feedback will shed light on the extent to which the Ministry controls the degree of fit between the national policy goals and realisation of institutional strategies. The case institutions were well aware about linking the new feedback letters with their strategy implementation. The management of the case institutions worked to legitimise and align the national higher education policy goals with the institutional practices and in some cases to convince their owners. However, there are arguments for allowing innovative strategies to emerge (see Hardy et al 1984; Mintzberg & Lampel 1999), but how far are the national policy goals aligned with emergent or a mix of emergent and intended strategies?

The learning perspective manifested as participative internal processes in which the strategic plan was interpreted (Crebert 2000, Mintzberg & Lampel 1999). In this way, a polytechnic enabled strategies to emerge from its core functions (cf. Fugazzotto 2009, Hardy et al. 1984). One strategic principle across the cases was the aspiration to uniformity. Uniformity was a pervading principle and seems to be a way to balance the directions of the intended
institutional strategy and emergent strategies. Emergent strategies manifested, for example, by continuing operations as they had traditionally been done in pre-merger institutions, prioritising certain performance measures and as strong regional interests within the ownership governance (cf. Toikka 2002).

Contradictory strategic objectives implied that it is challenging to be an efficient degree producer and a competent learning environment provider in which teaching and R&D are integrated. The strong emphasis on quantitative performance measures led the units to concentrate to meet the set targets, but the units selected from a number of indicators those they were good in.

As a whole, good practices and barriers in implementation of institutional strategies were related to the internal structures, processes and personnel of case institutions and to what their external stakeholders expected. In two case institutions one good practice was to combine quality work and strategy implementation closely together.

Conclusions

The case institutions aspired to the successful implementation of future oriented strategic change. Much of this change had to do with the organisation’s readiness for change; to integrate education programmes and units, to integrate R&D and teaching, to centralise the functions and to establish new co-operation with new partners and to learn new strategy-based management. Because of the internal organisational reforms the case institutions were in a transition phase. Parallel reforms in organisational structures, in management and in basic functions were challenging circumstances and conditions for strategy implementation.

Strategies emerged at the unit and the ownership levels. Tensions between the intended and emerging strategies (Mintzberg & Rose 2003) are balanced by inculcating uniformity throughout the institution. Uniformity is supported by emphasising a spirit of shared strategic goals and a sense of higher education community. An incremental approach to the implementation (Hardy et al. 1984) was another method to adapt to external demands that were not in all respects shared by personnel or by owners.

Team-based management and leadership characterised the strategy implementations of the
case institutions. The strategy implementation was moving towards more active and team-based working. Expertise is dispersed across an organisation and teams were used to coordinate and integrate diverse sources of expertise internally (cf. van Ameijde et al. 2009). Team-based working supported internal and external communication and specifically exchanging and sharing information. Teams are also conducive to a more holistic view in implementation.

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