Springer Encyclopedia – Strategic Planning in higher education

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Strategic planning is a formal and rational process through which universities (re-) define their mission (what and for whom they stand for), elaborate their vision (what ambitions they have), their values (how they operate), define roles and allocate resources, design implementation, indicate how achievements will be assessed, as well as mechanisms for adaptation. Strategic planning relates to a specific period of time.

1. Relevance of strategic planning

The policy reforms in higher education have started to consider universities as organizational actors. This means primarily that universities have been restructured in order to act autonomously and define their own objectives. This development can be explained from different perspectives. Since Coase's work on firms (Coase 1937), economists have taken into consideration hierarchies (i.e. organizations) as efficient alternatives to pure market forces (supply and demand) tackling transaction costs. According to sociological institutionalism by John Meyer and colleagues, universities follow global trends in contemporary societies and are transformed into organizational actors as the most legitimate social form to pursue a collective endeavor (Meyer and Jepperson 2000, Drori et al 2003). Public administration studies highlight the changing role of the state and how it delegates tasks to autonomous agencies taking care of policy making and implementation allegedly more efficiently (for an overview Egeberg 2012).

Against this backdrop, universities have become more autonomous and, by implication, have been required to develop their own strategies, to implement and assess them on a regular basis. In other words, universities have been required to act rationally as integrated organizations, defining priorities and allocating resources accordingly (Brunsson and Sahlin Andersson 20000, Krücken and Meier 2006). In parallel increasingly competitive environments, stagnating or shrinking public funding, as well as the rise of international and national rankings, have have put universities under pressure in terms of their reputation, their position in global and national arenas, and, more in general, in terms of their contribution to society.

Strategic planning in higher education has been conceptualized and studied with different perspectives and with variations over more than three decades (Keller 1983, Maassen and Potman 1990, Gornitzka 1999, Jarzabkowski and Wilson 2003, Kezar and Eckel 2002, Rolfe 2003, Hazelkorn 2009, Fumasoli and Lepori 2011, Stensaker et al 2014, Stensaker and Fumasoli 2017). The first scholarly work on university strategic planning has been published in the US, unsurprisingly, as American universities have started long before acting as proper integrated organizations. This is due to an earlier introduction of markets, the existence of a strong private higher education sector and to the Carnegie classification that has allowed universities to find their position and, possibly, to move from one niche to another (e.g. Fuller 1976, Kotler and Murphy 1982).

2. Definition of strategic planning

In strategic management strategic planning is considered one of several strategy schools (Mintzberg 1994, Whittington 2001, Mintzberg et al 2005). Born in the 60ies strategic planning carries the idea of a rational, linear and formal process intended to achieve formalized outcomes defined economically (Whittington 2001). Originally strategic planning only considered the analysis and design of the strategy, leaving the latter implementation as a separate activity. A major issue of the classic strategic planning

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school was the organizational restructuring into a multi-divisional form (Chandler 1990 2nd ed) Over the decades strategic planning has been articulated in an increasingly complex way, taking into consideration new diagnostic techniques, different stakeholders to be involved in the planning process, and the necessity to constantly update and adapt to changing environments. This rationale informs Keller's book on university strategy (1983) and, 20 years later, Duderstadt's work (2000). While the complexities of university governance, the ambiguity of institutional and academic leadership, the new challenges of mass higher education are thoroughly taken into consideration, both works reflect faith in rational processes, actors, and outcomes. In the end universities need to carry out strategic planning as a way to reconsider their role and their contributions in society in rapidly changing environments where public resources become limited, diversified students have to be accommodated.

Hambrick and Fredrickson (2001) provide conceptually and practically the elements of a strategy. While their paper focuses on business strategy, it is quite handy and adaptable for higher education and constitutes a structured review of what strategic planning addresses (Fumasoli 2011, Fumasoli and Lepori 2011, Fumasoli et al 2015). Hambrick and Fredrickson define strategy as the *central, integrated, externally oriented concept of how objectives are achieved* (ibid. 50). It must indicate the arenas where the university is active, in other words, the markets where it competes. The vehicles needed to achieve its ambitions (expanding capacity, mergers and acquisitions, partnerships, offshore campuses, etc). the differentiation through which the university will be able to outdo its competitors (educational offer, student experience, research environment, branding ad status signaling, etc.). Staging, or the sequence and timing of implementation of the strategy, and finally its performance logic – what kind of returns can be observed, such as reputational, economic.

Once strategic planning defined, it is necessary to understand its main objective, which is its scope for organizational change

3. Change and strategic planning

Barzelay and Campbell (2003) in their analysis of strategic planning in the US Air Force in the mid-nineties highlight how public agencies challenged by changing environments and expectations can effectively use strategic planning to carry out transformational change through a new vision for the future. Their detailed account illustrates how strategic planning can revitalize governance of public agencies, shaken out of a logic of incremental change. In doing so the executive leadership is able to coordinate a collective effort of "barons and rank and file" to shape a vision and align resources accordingly. Specifically, the two authors point to policy management with key stakeholders (such as the US government), the expenditures, human resource management, and organizational redesign. Resonating partly with the nature of universities, strategic planning is conceived as dictated by the funding public authorities, the legislature deciding on budget, and the parliament voting on it. The key issues in this monograph are the constant "positioning for opportunities" that may arise, and the appropriate balance between autonomy and organizational change.

Along this line, the work of Chaffee on types of strategies in higher education(Chaffee 1985), and the empirical studies of Kezar and colleagues (e.g. Kezar and Eckel 2002) can be understood as integrating the rational dimensison of strategic planning with a cultural perspective on change management. Chaffee provides a typology of linear, adaptive and interpretive strategy that distills the different degrees of complexity for organizations. Her research indicates that leadership needs to understand the nature of its organization and industry in order to select the appropriate strategic process. Kezar (2013) has used sense making and sense giving approaches to understand how transformational change takes place within universities. Her contribution to the perspective brought forward by Gioia and colleagues (Gioia and

Chittipeddi 1991, see also Degn 2015) has been highlighting how in universities top down strategies intertwine with bottom up sense making and sense giving

4.   Critical views on strategic planning

The inherent rationality and formality of strategic planning, as well as its basically top-down nature has been criticized both in strategic management studies and in higher education research. However, even though strategic planning has been imposed on universities (Maassen and Potman 1990, Amaral et al 2003), it is difficult to deny that its practice is now integral part of universities' activities.

Following earlier work on university leadership by Cohen and March (1974) Musselin (2006) observes how scope for change by university leadership is constrained. The university core missions of teaching and research are unclear and ambiguous: the relationship between input and output cannot be clearly understood, the black box of university core business - knowledge production or dissemination - cannot be easily unpacked, hence, successful outcomes cannot be replicated and there is no security as of what to avoid in case of failure. Given these premises, strategic planning can at best support institutional leadership in providing a shared overarching vision on the future of the university. Similarly Whitley (2008) discusses how university inherent loosely coupled disciplines, departments, or campuses, constrain institutional leadership options to govern the university through portfolio management. In this way, strategic planning points consists of an umbrella-like coordination of largely autonomous organizational units and processes, which cannot really be steered in their mode of operation. With a micro-economic angle Bonaccorsi and Daraio (2007) elaborate on the input-output model of university knowledge production but attempt to provide a systematic framework for effective and efficient incentive design in order to drive university performance. Finally, in the classic works of Baldridge (1971) and Birnbaum (1988, 2000), universities are featured as organizations uniquely functioning through political struggles among fragmented groups representing their own disciplinary or professional power: accordingly strategic planning can only represent the aggregation of such heterogeneity of interests, identities and practices.

5.   A research agenda on strategic planning

There are two important arguments to put forward: first, strategic planning is a device for governing a university trajectory over time, in other words, strategic planning is instrumental to university performance and it is an empirical question ascertain to what extent this is successfully taking place. Second, scholarship on strategic planning has gone a long way beyond the voluntaristic rational and linear process that permeated its origins. This theoretical evolution can be understood as an attempt to factor in the increasing complexity and uncertainty of environments, in the attempt to provide universities with up-to-date instruments to continue to ensure their role contemporary societies.

The longstanding debates on the so-called instrumental, managerialist, market-like, New Public Management characteristics of university strategic planning are crucial to our critical understanding of the change dynamics of higher education. Nonetheless, critical studies need to be integrated by systematic empirical analysis on how strategic planning also supports university operations and sustainability. Extant empirical work has pointed to strategic planning as a major activity for universities, it becomes then relevant to understand the conditions in which it takes place, its drivers and outcomes. Meaningful research questions are: what can strategic planning tell us about universities and higher education? More specifically, and among others: what type of strategic planning for what type of university and higher education system? Under which conditions does university strategic planning make a difference? What

kind of change – incremental or transformational – can strategic planning models bring about? How can success (and failure) of strategic planning be analyzed?

Conditions for strategic planning: organizational capacity
Strategy provides, on the one hand, a vision for strategic change, on the other indicate the organizational capacity needed to implement it (Toma 2012). Hence strategic planning considers not only the envisioned university position in the desired arenas, but also the internal capabilities and elements that need to be in aligned with it (Toma 2010, 2). Drawing on a systems perspective Toma breaks down organizational capacity in terms of mission, structures, decision making, policies and information management, infrastructure and organizational culture. Once organizational capacity is assessed, strategic planning will address the necessary changes to be carried out within the university in order to march them with strategic objectives (for further discussion on indicators of organizational capacity see Fumasoli 2015, Fumasoli and Barbato 2017).

Instruments of strategic planning: organizational identity
It has been highlighted how organizational identity is a fundamental dimension of university strategic planning (Czarniawska, B., & Wolff 1998, Brunsson and Sahlin-Andersson 2000, Huisman et al 2002, Fumasoli et al 2015, Mampaey et al 2015). On one side, strategic management literature considers organizational identity instrumental for strategic planning, a device in the hands of the leadership in order to carry out change by resilience by modifying values of university staff and other stakeholders to soften resistance (Fumasoli et al 2015, Mampaey and Huisman 2016). On the other side, organizational identity scholars underline its uniqueness and resilience to change (Albert and Whetten 1985, Whetten 2006), resonating with Burton Clark argument on university bottomheavyness (1983). Morphew et al (2016) have argued that specific rhetoric of public and private dimensions of universities can accommodate the diversity (and conflict) of goals and offer a coherent account of organizational identity (Morphew et al 2016).

Outcomes of strategic planning: institutional positioning
The main intended outcome of strategic planning is the positioning of the university in its environment, that is, the desired location where it can thrives by gathering the necessary resources (Fumasoli and Huisman 2013). This space is multi-dimensional: it can be based on material resources (funding, students, staff) or reputational (Thoenig and Paradeise 2016) and can be measured through relevant sets of indicators (Daraio et al 2011, Fumasoli and Huisman 2013, Vuori 2015, 2016). An analytical framework considering institutional positioning as the result of leadership intensions (i.e. strategic planning), environmental determinism (market competition, public policies) and organizational bottomheavyness (Clark 1983) would provide an understanding of the change dynamics of universities and of higher education (Fumasoli and Barbato 2017).

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