STRATEGIC MANAGEMENT OF UNIVERSITIES IN LITHUANIA: INTERNAL ACTORS AND INSTRUMENTS

Asta Radzevičienė¹, Alfonsas Daniūnas²
Vilnius Gediminas Technical University, Sauletekio ave. 11, LT-12230 Vilnius, Lithuania
E-mail: ¹asta.radzeviciene@vgtu.lt, ²alfonsas.daniunas@vgtu.lt

Abstract. Effective strategic management is crucial for universities, acting in complex and turbulent world of contemporary higher education. The article provides a summary of the results of empirical survey, which has been conducted to explore peculiarities of strategic management in Lithuanian universities. The paper reveals state of art of strategy development, formulation, implementation, monitoring and control processes. The research is focused on the involvement of internal and external actors into strategic management at universities. There is assessed the importance of selected success and failure factors of strategy implementation and provided insights into future change in the area.

Keywords: strategic management, higher education, players, empowerment, decentralisation.

1. Introduction

Challenged by overwhelming massification, internationalisation, marketisation of higher education, resource constraints, quest for efficiency and accountability universities reconsider the importance of strategic management for their development. Effective strategic management is crucial for universities acting in complex and turbulent world of contemporary higher education, where interaction with other players range from cooperation to competition and very often represents a blend of both. Strategic management as phenomenon draws systematic attention of researchers and practitioners.

The paper provides a summary of the results of empirical survey, which has been conducted to explore peculiarities of strategic management in Lithuanian universities. The survey has been conducted within the framework of EU ALFA III programme project TELESCOPI, which is aimed at collecting and sharing good practices of strategic management of higher education institutions (HEIs) in Europe and Latin America.

The overview of the state of art of strategic management of Lithuanian universities encompass: strategy development, formulation, implementation, monitoring and control. The research is focused on the involvement of internal and external actors into strategic management at universities, importance of selected success and failure factors for strategy implementation. The paper provides insights into future change in HEIs strategic management, which is particularly evoked by recent reform of higher education in Lithuania.

2. Strategic management of universities: what is special?

Universities as an autonomous, self directing, peer-review and professional authority based institutions (Lynn Meek 2003) try to handle the challenges of competition, commodification, accountability, efficiency of higher education (EC 2003). The complexity and turbulence of external and internal determinants implies that strategic management of the universities turn into the complex system of decisions, which should be formulated, implemented and evaluated in order to achieve long-term objectives (Middlehurst 2002). The core of strategic management of the university embodies decisions and actions, which are undertaken by the organisation in order to create and sustain its competitive advantage. University strategic management involves decisions concerning what a university wants to do, depending on goals, values, competency and ambition of the decision makers; and what a university should do under existing conditions with the resources at its disposal. Therefore, university strategic management is determined by strategic goals, leadership models and behaviour, external environment related factors, internal factors (primarily resources). It is important to emphasise that corporate knowledge and social capital are the resources particularly decisive for performance of HEIs (Maasen 2003; Grundey 2008; Staskeviciute, Neverauskas 2008).

Incorporation of strategic management universities' life has been largely influenced by general academic attitude towards managerial and administrative activities in academia (Lynn Meek 2003). The opinion that entrepreneurial universities are the new type of university, which is successful
and adequate to the new realities in market-driven higher education systems is widely spread (Clark 1998, Tabatoni et al. 2000; Middlehurst 2002; Lynn Meek 2003). Nevertheless managerial and administrative activities seem to be labeled as non-core or secondary in comparison to research and educational activities in academic world. Traditionally, universities are proud about their academic achievement not about managerial success. Strategic management lacks internal recognition as an important tool for university success. This is particularly true for Lithuanian universities. The situation, however, has changed in recent years.

Market-led approaches in university strategic management have been rooted from decline on public funding, saturation of local market of educational services, rivalry between public and private HEIs, decline in student numbers because of demographic gap. HEIs compete against each other for public funds, which may constitute a significant part of the total income of universities in Lithuania. State funding makes in average around 40-50% of the total budget at the state HEIs in Lithuania. Universities are facing significant decline in applied research income compared with the previous years because of economic recession. Therefore universities are dependent and forced to comply with the requirements and trends set for higher education on the national level. In order to benefit from the links established between national funding schemes and university performance, universities have to develop priorities and internal mechanisms responding to the national strategic development. The factors mentioned above are reinforcing national competition among universities.

Since Leavitt’s works in 1965 a holistic approach to management the dynamic change is explained as interdependent compensatory change of internal and external variables. This explains the necessity to facilitate the dynamics and complexity of strategic management. Thus, strategic management success is based on ability to react and manage change; accommodate flexibility and adaptability to the complex external and internal environment; to forecast change (Clark 1998; Rees 2008). These latter characterists can only be developed if universities could overcome rather formal and hierarchical approach to strategic management, which is still present at majority of institutions.

Organisation structures, which depend on the factors such as organisation type, recourses, goals and work patterns, are supposed to leverage existing and newly emerging management processes, and distribution of power and action. HEIs, which could be identified as professional bureaucracies (Birnbaum 1988) tend to use existing management structures, delegate responsibility and decision making power by the top-down principle. Universities, however, are different from many other organisations, being “bottom heavy expert systems” (Pechar 2003). The hierarchical “bottom” of the organisation (i.e. academics) contains the major influence in organisation (Lynn Meek 2003; Oechar 2003; Radzevičienė 2005). Being a core of corporate knowledge, quite independent and self-confident, academics (on department level) desire to be involved into strategic management. Strategic decisions always raise reaction within academic community members, they need to be informed, heard, and involved despite the level and profile of activities (Pechar 2003). Therefore quite often institutional managers are trapped between horizontal decision-making practices (typical for academic life) and hierarchical administrative traditions (Maasen 2003).

As flattening of power distribution structures, the shift towards middle-top-down management approach (Nonaka, Takeushi 1995) is a reality of contemporary knowledge organisations, universities absorb the same trends as well. Hierarchical structures are being replaced by flatter, horizontal ones in HEIs (Maasen 2003), despite quite rigid and traditional management approach, which has been predominating in classical higher education management system. Effectiveness of strategic management in modern universities is therefore closely related to the ability to use specialists’ ressource through increasing participation of every unit (Maasen 2003). The chance to reach strategic goals largely depends on the institutional ability to empower and coordinate activities of numerous, diverse and quite autonomous community agents (collective and individual; established formally and informally). Empowerment is a tool to maximise the potential of the organisation and improve performance through higher contribution of the organisation members, increasing their involvement into organisation decision making process.

The empowerment could be interpreted as giving the members at non-central administrative units the power and authority to make decisions in order to improve institutions performance. The benefits of wider participation in strategic management are shared knowledge, competence development, and satisfaction from participation in decision making, raise of responsibility and interest, diversification benefits, loyalty to the university. It facilitates synergy effects from higher level of participation and expertise in place (Grundey
Wider empowerment may turn into some pitfalls, if staff at the department level lacks motivation to contribute to the corporate or other department achievements. The internal competition among the departments at the same institution could result in conflicting priorities.

Successful strategic management implies mastery of matching and coordinating the interests of diverse external and internal agents. The external players are represented by the government-related organisations, state agencies (for planning, funding or quality assurance), rectors’ conference, other peer groups, industrial or commercial stakeholders (interested in quality and price of services), consumer groups (students), and international bodies. Their participation (both direct and indirect) in university governance is still under debate in Lithuania. It is obvious that change is necessary, although new model, composition and functions of governance, resulted from recent reform, still have to be proved.

3. Research method and scope
The empirical findings are based on research, conducted in June-September of 2009 by the authors of the paper. The survey was based on questionnaire, which has been circulated in hard copies and electronically among Lithuanian universities. In order to facilitate possibilities for the country-based comparative analysis of different practices, the questionnaire followed the structure and contents developed by the TELESCOPI project. The content encompass strategy development and formulation, implementation, control and feedback.

The return rate of the survey was high: 14 state universities (out of 15 existing) and 1 private university (the largest out of 7 private ones) participated in the survey. The total number of students at the universities covered by the survey was around 143 thous. The ratio of students distribution between state and private universities was 25:1 (January, 2009). Colleges have been omitted in order to get a blueprint of strategic management of universities from the players’ and instruments perspective.

4. Strategic management in Lithuanian universities from the players’ and instruments perspective
There is a strong strategic alignment between HEIs and their environment; legislation of higher education is one of the major constituents of this environment, which has major impact. National legislation particularly the Law on Science and Education (2009) directly influences HEIs strategic management by the requirement to have a long-term university development strategy; regulation of university management model; distribution of state funding according to institutional performance.

The requirement to have a long-term university development strategy and its implementation plans covering three years period implies that every higher education institution (state and private) in Lithuania has its strategy and regularly updated strategic plans. Planning is monitored by the Ministry of Education and Science and Ministry of Finance, in order to assess institutional performance and allocate state funding.

University management model is regulated by the law, which foresees the governance led by the university council. University council before reform was composed of 1/3 of university elected representatives, representatives appointed by the Ministry of Education and Science (1/3) and representatives appointed by the rector (1/3). All three groups of representatives participate in strategic management of universities. According to new Law university 2/3 of Council members (out of 9 or 11 members) shall be external and not affiliated with the institution. The members of the Council shall be appointed and recalled by the Minister of Education and Science. Lithuanian universities tend to have their development strategies open to public. 71% of universities have it available on their webpage, strategic plans are quite often kept for internal use within academic community (on
intranet), with the restricted access from outside (86% of the universities responded).

4.1. Strategy development and leadership

General principles of strategic management say that strategy must be as clearly expressed as possible, in order to be easily communicated and, give rise to new norms and initiatives (Tabatoni et al. 2001) Lithuanian universities described their strategies as more formal and general ones rather than as operationally detailed to unit level. Majority of universities disagreed that the development of the strategies is influenced by formal external (legislative) requirement to have a strategy; it proves that there is an intrinsic motivation for it.

The strategies of all responded universities include at least two obligatory components mission and vision (Fig. 1). Concerning other investigated components universities have more dispersed answers.

From the theoretical point of view, strategies describe types of changes and ways of transformation (i.e. what to do in order to implement policies), therefore they need to be expressed in operational terms: setting objectives, terms, allocating resources, defining responsibilities. The survey revealed that measures for strategic development are included into strategies at majority of universities (93%), followed by the description of support systems. Quite surprisingly, the most rarely mentioned elements are values and two interrelated elements monitoring system (STMONI) and responsibilities for strategy implementation (STRESP).

The survey confirmed that from the structural and content perspectives the development strategies of Lithuanian universities are quite complex, but seem to be too general when setting responsibilities for implementation.

The choice of leadership model is always specific. Every university possesses its own structures, capacity to manage, different management traditions and leadership types. Strategy developers and leaders may be the same or different agents, but they should direct multiple initiatives of the university at the same goal in order to ensure that activities are coordinated.

The survey showed that at the stage of strategy development and formulation the rectors take lead (“totally agreed” or “agreed” 86% of universities). They may have consultation with top managers and get approval by the senate and council, but they remain the most involved actors. In an organisation as diverse and fragmented as a university, it is especially difficult to ensure participatory management system. Responses of the universities confirmed that there is a difference between the level of agents’ involvement at strategy development (Fig. 2) and implementation stages (Fig. 3).
academics (middle to bottom layers of management) are still moderately involved. Only 14% of institutions were totally aware about adequate involvement of these two groups. Strategic management could not omit students, who are influential actors, representing the quantitative majority of organisation members. Unfortunately involvement of students into strategy development is moderate although formally required.

**Fig. 3.** Participation in the implementation of the strategy: involvement of different agents. Distribution of the answers within the scale: from 1 – “totally agree, that the following actors are involved into development and formulation of strategy at the university represented” to 5 – “totally disagree”:

This may lead to lack of support, disappointment and feeling of being only instruments for fulfilling “somebody’s” strategies; even create resistance at implementation stage.

### 4.2. Strategy implementation

The term strategic planning is quite often synonymously used instead of strategic management in Lithuanian universities. The essential difference between these terms is the content: strategic management focuses on dynamic and critical processes (e.g. leadership); planning implies making choice among major objectives and the tools to achieve it. 70% of universities responded that they use plans for implementation of the strategy (answers “totally agree” and “agree”). As all universities are required to have strategic plans by national legislation, the neutral position or disagreement (expressed by 1/3 of the universities), more reflects an opinion on practical usefulness and validity of the plans, but doesn’t deny the existence of plans.

Implementation of university strategies is more than implementing strategic plans. Strategic management prepares university and people to project themselves into the future, focuses on university’s identity and image, while aiming at long term growth. The survey identified that positioning is still rarely used as a managerial tool for implementation of strategies. Management by objectives (MBO) instruments are better known and more frequently used by Lithuanian universities. Although total quality management systems are declared as integrated reality of university life in Lithuania, TQM as a tool for strategy implementation was assessed with some reservation (35% of universities). This could be interpreted in a way that TQM is still too fragmented and doesn’t have a holistic character, therefore doesn’t contribute as an instrument at the full scale.

Universities agreed that strategy communication should support the chain of command and become integrated part of internal communication. 70% of universities stated having holistic strategy implementation at their universities while the holistic and inclusive strategy communication was stated only at 49% of them. Although the majority agreed that effective communication is one of the guaranties for strategy implementation (57% responses), but 30% of the respondents at the same time stated that their strategic communication is limited by administrative units. Monitoring of community awareness about the university strategy, in order to assure homogeneous corporate understanding of the strategic goals and updates on implementation has been stated by 50% of the universities.

The determinants of success, indicated by Lithuanian universities, could be ranked from the most important (Fig. 4): Proper monitoring and control (77%); Consequent implementation (70%); Good integration of the strategy into daily life (70%); Good communication (70%); Proper distribution of functions (56%); Compromises and strategic alternatives foreseen (70%). Low rank of „holistic implementation” impact (21%) seems to be based on the opinion, that holistic implementation is quite a general concept, this attitude resulted in a way that all other determinants of more instrumental character are ranked higher.

Factors having negative impact of strategy implementation success could be ranked from the most significant to less significant as following: Shortcomings in distribution of functions (agreed by 63%), Poor integration of the strategy into daily live (63%); Poor communication (56%); Lack of monitoring and control (49%); Deviation from foreseen strategy (49%); Lack of compromises and alternatives (35%); Predominance of tactical rather strategic thinking (35%); Lack of acceptance of strategy within academic community (14%).
The questionnaire didn’t aim at the selection principles and types of measures and indicators, and there is no systematic benchmarking of performance among Lithuanian universities as research-related, administrative ones (mainly financial) and studies – related outcomes are assessed and compared separately. The main focus is measures and indicators of implementation at corporate level, unit outputs are collected mainly for internal information and control. There are clear boundaries between different functional areas and separate units at the majority of Lithuanian universities therefore quite often there are organizational and technical difficulties to measure trans-disciplinary and cross-unit processes within universities. The duplication and overlapping data may take place, which skew the real situation and don’t provide insights for management.

Annual reports are the most widely applied tool for monitoring. But we dare say, that there is no place in the annual report for questioning of the strategy itself on suitability, feasibility, acceptability of major strategic decisions. Only 63 % of the universities could confirm that there is a systematic revision of strategic plans, followed by results analysis and later used for strategy improvement. An internally-organised evaluation is essential to help institutional actors to question their goals and practices. Self-evaluation is a powerful tool, nevertheless an external experts’ viewpoint is very useful to reconsider objectively the organisation’s aims, operations, performance and image. It is unlikely, that evaluation of institutional strategies can function without national benchmarking system of HEIs (in teaching, research, cost effectiveness, value for money, resource base, student satisfaction, income generation, etc.). This initiative is still in a very early state in Lithuania.

Frequency of revision of the universities’ strategic management is quite different: 50 % of universities conduct revision with the frequency of 1 to 2 years, 5 institutions mentioned that they revise their strategies with the frequency ranging between 2 and 5 years. As the revision of the strategy is done in longer timeslots, it might result in lost flexibility and missed chances if circumstances changed (new competitors, new technology, new environment, and new social challenges). Turbulent and changing national policies on higher education, high dynamics of change in political, social and economic environment also imply more frequent revision.

Feedback on strategic management effectiveness is necessary for organisation learning (Staskeviciute, Neverauskas 2008). A “learning organisation” should be self-reflexive, and self-
critical at strategic and operational levels, a learning university should display a strong ability to identify, confront and resolve problems; it means recognising its weaknesses, collectively and individually, and acting accordingly; it implies also to the use of internal competitiveness and comparisons transparently and constructively, as well as readiness to account for performance (Tabatoni et al. 2003).

The role of feedback in strategic management shouldn’t be underestimated. 8 universities mentioned that revision of strategic plans (SFLREV) is applied systematically, 3 universities were neutral, and 2 universities (13 %) stated that they can not attribute systematic revision to their strategic management practices (Fig. 5).

The experience tells us, that one of the barriers for effective feedback is demarcation among different functions (education, research, administrative) and different areas of university activities. Feedback practices are bound to different layers and institution domains. Universities do not benefit from feedback systems because these systems are not holistic enough and some essential determinants and variables important for university life remain hidden. Segmentation and rigid disciplinary boundaries limit transparency and learning from success and especially from failure and errors on institutional scale. The latter one is especially necessary.

The need for responsibility and accountability is intertwined with the need for new university culture, where the level of frankness and “error tolerance” is much higher than present nowadays. This happens because of the complexity and unpredictability of the situation is much higher than it has ever been before and because the fear of errors is harmful for innovative thinking and action.

5. Limitations of the survey and forecast of change

The first limitation of the survey is based on fact, that it didn’t include a focus on the details of the strategy content. There two explanation for that. The survey has been conducted according to uniform questionnaire in order to get cross-country insights and comparative analysis. The second motive is based on the premise that these issues are very sensitive and confidential ones in a highly competitive contemporary higher education; this situation was especially typical immediately after the new reform has been launched in Lithuania. Therefore these topics have been omitted in order to exclude the risk to get lower response rate.

The survey was conducted shortly after the new reform of higher education in Lithuania was launched (April, 2009). The reform is aimed at improving the quality of studies, making research and investigations more effective, transition to student-choice-centered state funding, change of HEIs’ management system. The latter objective is concerned with concentration of authority of the universities’ councils and composition changes in management structure. The division of responsibility changes entirely; as responsibility is transferred from the university Senate to the Council. It grants vast authority in shaping university activities by the external actors (a half of the Council members). In this way, planning, implementation and monitoring of the university strategy moves beyond internal boundaries of the university. These changes will no doubts affect strategic management at universities.

6. Conclusions

The competitive advantage of modern university depends on the distinctiveness and uniqueness of its’ specific assets (e.g. difficult-to-imitate knowledge assets, specific services’ portfolio, unique research profile etc.) The focus on specific assets shall be combined with proactive and differentiated acting and adequate processes. Increasing
competition among universities on national and international arena evokes the necessity for diversification of managerial tools. Branding and positioning, massive marketing campaigns are among the instruments, which are effective in saturated HE markets (such as Lithuanian higher education market).

Effective manage depends on adaptability to the complexity and change of the external environment, ability to forecast change (Rees 2008). Universities should overcome quite formal hierarchical approach to strategic management, which is still present at Lithuanian institutions.

Effectiveness of strategic management in universities is closely related to the ability of the institution to increase participation of every unit in implementation of strategic goals; and depends on the institutional ability to empower and coordinate activities of numerous, diverse and quite autonomous agents both internal and external.

Being more specific and coming back to the case of strategic management of universities in Lithuania, we may conclude that an increase in participation and empowering of internal agents is probably more important and promising in comparison to the participation and influence of external actors for many institutions. Balancing executive power, autonomy and democratic procedures; as well as economic, managerial and academic mindsets is a challenge for Lithuanian universities’ strategic management, particularly in the light of the new Higher education reform.

References


