

MANAGEMENT CONCEPTS IN ACADEMIC ADMINISTRATION

by

Georgia M. Hale
Arkansas State University

and

Roger D. Roderick
Arkansas State University

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THE MARKET FOR MANAGEMENT EDUCATION

There's good news and there's bad news in the market for management education, however trite that may sound. Fortunately, the good news will carry the day if we will respond appropriately. The good news is that management education is clearly a growth industry. There is a strong resurgence of the demand for management education, mirroring events in the U.S. and around the world. The half-life of management concepts is now less than twenty-four months, creating the need for life-long learning in management education. New concepts require that new managers be trained and that existing ones be retrained.

Where, then, is the bad news for the management education industry? The bad news is that the growth potential is not coming from the traditional sources on which business schools have relied for the past thirty years. It is increasingly from an older, employed and highly diverse body of aspiring managers, rather than from the customary eighteen-to-twenty year olds.

Further, the need for management education is no longer concentrated on the knowledge, skills, and abilities required for working in large corporate conglomerates. Further, the need is for education that will enable those receiving it to apply it and to do so immediately. Consequently, it is no longer enough to read about and to analyze cases pertaining to Fortune 500 companies.

The focus is still on how to succeed in business, but it must now include how to succeed in small businesses, and, increasingly, how to succeed in small owner-managed businesses.

This alone is not bad news, of course - - if business schools respond appropriately. The bad news is that they have not. Business schools have been slow to adjust to the new structure of the demand.

There are clear signs of danger for those who do not respond or who respond inappropriately or too slowly. Some of what have traditionally been business schools= best customers are now their toughest competitors. One example is Motorola University, and several major accounting/management consulting groups have entered the field. In addition, the failure of the traditional institutions to respond has led to the emergence of a new cadre of market responsive, adaptive, non-traditional private universities, such as Webster University and the University of Phoenix.

The new customers did not like the content, the delivery methods, the scheduling or the locations. In short, they did not like being treated as though they were the traditional eighteen-to-twenty year old customers (who, incidently, have also become dissatisfied with the traditional ways in which they had been treated).

If higher education fails to meet the challenge, it is likely to move in behind health care as an industry in crisis. It is, in fact, responding, but responses are still slow and often uninspired and unenthusiastic.

WHAT IS NEEDED?

Business schools must change the way in which they take their product to market. In strategy terms, they must move from a product-oriented strategy to a market-oriented strategy. To do that successfully, business schools must adopt new organizational cultures. They must

shift from long-standing product-oriented cultures to new market-oriented cultures. If they fail to make that shift, it is unlikely that they will make the necessary strategic shifts.

Throughout the boom years of management education, business schools could be successful by retaining an inward looking organization. They could offer whatever courses the internal experts - - the faculty - - decided should be taught. The formula looked something like this:

The courses that should be offered = What the faculty like to teach;
 The schedules that should be set = When the faculty like to teach;
 The methods that should be used = How the faculty like to teach;
 The sites where courses and programs should be held = Where the faculty like to teach.

This formula is consistent with a product-oriented strategy. But this strategy is no longer a viable path to growth in this industry, or even to survival. A market-oriented strategy, on the other hand, gets close to the customer to maintain awareness of and to generate timely responses to the latest patterns of customer requirements. That is the strategy that *must* be adopted if business schools are to endure and grow in today's market.

Organizational culture, simply put, is the way we do things around here.≡ That is, it is the way we behave to carry out the work of the organization. Changes in organizational culture are required to support changes in strategy. Thus, a successful move from the product-oriented strategy to the market-oriented strategy must be accompanied by the establishment of a market-oriented culture - - a market-oriented way of work behavior.

A fundamental change in perspective is mandatory. There must be a change from an inside-out≡ focus to an outside-in≡ focus. That has been difficult, and probably will continue to be so for some time to come. It's a big adjustment for an industry (higher education) with little

or no history of looking to the outside for advice or input. The traditional thought has been,

Why should we look outside? We're the experts!

Another aspect of the requisite change is from a focus on reacting to threats to one of anticipating opportunities. Opportunities to reach new audiences through an expanded array of sites. Opportunities to reach new audiences through more flexible scheduling. Opportunities to appeal to new audiences by reducing cycle times. Opportunities to appeal to new audiences by tailoring curricula to different audiences.

Central to all of this is the infusion of a focus on relevance. What is done in the classroom must be relevant to the needs of the customer. In addition, at least some portion of faculty research activities must have some relevance for and application to the workplace - - and faculty must accept the burden of making that relevance and applicability clear.

Change of any kind is difficult. Changes in the basic ways we approach our jobs and, indeed, our lives, are particularly challenging. In this industry, all the classic conditions which inhibit behavioral change exist. The old behaviors have yielded success for the actors. Internal focus has led to success within individual disciplines and to success within institutions - promotion, retention and tenure processes. The old organizational culture in higher education has been strong, and it has virtually been an industry-wide culture. These changes depicted here are major, extremely threatening ones. By and large, people change when they see some reason to do so. A substantial portion of business school faculty members have yet to see reasons to change. This is especially true for tenured, senior faculty members. They do not believe budgetary or enrollment declines will affect them, partly because they do not believe those

declines will worsen, or even continue. Unfortunately, the Ageing of the American business school faculty as a whole renders this a significant challenge to those who will be held responsible for effecting such changes.

ONE SCHOOL'S CHANGE EFFORT

The changes referenced above are the sort of changes to which this school is committed. They are consistent with its mission statement and to its sense of purpose. Its mission statement includes *enabling students to meet challenges*. This includes all types of challenges which its graduates will face, not merely those which may require the recall of traditional academic materials. The mission statement acknowledges a *rapidly changing environment*, which commits the school to continuous environmental scanning processes and to reducing cycle times across all its activities. The environment cited is the *global* environment. Globalization requires a recognition of the interdependencies in the global marketplace, an understanding of how those interdependencies affect business in the school's service region, and a dedication to preparing students to work anywhere for any kind of business.

The school's mission statement also references *management education* and *management practices*. The former refers to the school's primary responsibility, and the latter to a focus on application. The statement also lists *service* as a focus. This is a challenge to embody in the new culture. It has been an area of activity that faculty have not taken seriously and that has not been taken seriously in the reward processes. True performance in the service area has been required of faculty only infrequently and has been even more infrequently valued or rewarded. On occasion, concentration on service has even been Apunished.

The school is committed to *develop individuals and enterprises*. That commitment

includes the provision of lifelong learning opportunities, and lifelong learning opportunities of an applied nature. The final commitment is to *the focal region*. This speaks to the need to engage in applied regional and economic development activities.

What has the school **done** to embody the external focus? Let's take a look at its 1998-1999 objectives:

OBJECTIVE	EXTERNAL FOCUS
1. Continuous review to assure meeting market needs	Environmental scan; Dynamics; Market orientation
2. Outreach activities (College visitation days; Alumni receptions; Community activities)	Stakeholder involvement; Off-campus activities
3. Recruiting	Not a traditional faculty role/responsibility; Understanding needs of new audiences
4. Assessment	Accountability to external stakeholders; Responsiveness to market
5. Continuous review to serve customers with varied needs	Diversity; Changing demographics
6. Maintenance of technology	Application to the workplace; Preparing students for the workplace; Changing how to teach as well as what to teach
7. Continuous professional development	Needs assessment that includes customer needs; Skills and competencies as well as traditional discipline-related areas; Emphasis on teaching, but including research and service
8. External funding	Recognizing the imperatives; Importance of meeting customer needs and changes therein; Responding to changing administrative and faculty responsibilities; Accountability to donors
9. Increased global focus	Environmental scan; New stakeholders

PRESSURES FOR CHANGE

Even a casual scan will reveal many reasons to change from a product-oriented to a market-oriented approach. Costs are soaring, and budgets have not increased correspondingly. Everyday supplies, faculty salaries, technology (both the nature and the extent) have hit hard. New areas of activity, particularly the need to address external opportunities, have exacerbated the situation. All these costs have risen rapidly, while state budgets have remained flat or moved upward at a rate below that of expense growth. Rapid social change has also brought about the need to change. Changes in values and value systems, both internally and externally, demand changes in the way schools relate to stakeholders (both internally and externally).

Rapid changes in the business world, particularly in management concepts, demand attention. Standup, monolog descriptive lectures are no longer suitable for the new concepts such as entrepreneurship, work teams, empowerment, negotiations, strategic planning, etc. Integration of disciplines is required by the need to study the whole business rather than compartmentalized business functions. Indeed, transmitting knowledge about functions is less of the challenge than is developing the skills and competencies to work within and across those functions - - particularly when few faculty are likely to have either substantive or behavioral training in the latter.

As mentioned above, changing demographics, including Adiversity,≡ exert pressure for getting closer to the customer and for understanding their greater variety of needs. Also mentioned above was the increasing demand for accountability to external stakeholders, something higher education in general and business faculty in particular have not faced in the

past. Neither have they previously faced the current level of demands for service to external stakeholders; nor the political and financial imperative to respond when such demands surface.

Insular approaches are no longer feasible, either. At one time, if b-schools wrote their course descriptions and/or syllabi in a way that would satisfy accreditation requirements for Ainternationalization,≡ it might be possible to survive without too much worry about how much students were actually learning about how business was done in other countries and what effect that might have on them. Today, however, students truly need to know about business throughout the global marketplace, regardless of where they may end up working.

Another reason why faculty members must keep up with what transpires in the Areal world≡ of business is the changing structure of the business world. This, too, requires an outward look. Finally, the above items in this brief review should be sufficient reason to change. However, if it is not, the accrediting agency for business schools, fortunately, now has a rational set of standards which it enforces and which will ensure such changes.

RESISTANCES TO CHANGE

While Asoaring costs≡ constitute a pressure to change, decreasing real dollars from state allocations comprise a resistance to change. Most changes have some costs associated with them. Even revenue-producing activities generally have some start-up costs. Currently, it is next to impossible to obtain state funds for even start-up costs at this institution; hence, the motivation to change is frequently absent.

Clearly, the single greatest obstacle to change in higher education is tradition. Traditional faculty perspectives on the employment relationship are exceptionally strong inhibitors. They

tend to view themselves as independent contractors at best, and many see themselves as virtually self-employed. Cycle time is an extraordinary impediment. The time to enact catalog changes and for those changes to become effective affects responsiveness. Even the time it takes to get faculty together to talk about those changes is dysfunctional. There are no real reasons for those delays, other than tradition.

Traditional definitions of what is valued in the academic world act against the types of changes discussed here. The academic world has traditionally valued non-applied, non-practitioner approaches. (Indeed, the phrase, "It's academic," has become shorthand for saying "It doesn't really have any effect on anything.") The academy has traditionally valued the old ways of doing things. Certainly, if one looks at what is rewarded in academe, it has been primarily research - - even in the face of claims to be a teaching institution. Another look will provide an equally certain conclusion that faculty are not rewarded for a service, which is an integral component of the outward look that has been discussed in this paper.

Further, business schools have traditionally been organized in ways which allow and encourage the tendency to compartmentalize, or to build and maintain silos. This operates against the ability to integrate and to consider whole businesses. Such is initiated and perpetuated early in our careers, in our PhD programs where we are taught to specialize and to pursue research interests which restrict our focus to minuscule segments of our disciplines.

Another source of resistance is the standardization which has typified the industry. Regardless of the rhetoric about creativity, open thinking and innovation, it has been a cookie-cutter industry. For example, while there are only a few top-tier research doctoral granting institutions, the preponderance of business schools like to talk and try to act as though they fit

that mold, or as though they are about to do so. They tend to ignore feedback to the contrary, regardless of how much, how often or how vivid. Actually, external feedback of any kind has traditionally been ignored, and has been especially discounted when offered by practitioners. It has been dismissed by saying, "What do they know? They don't have PhDs. We are the ones with the PhDs. We are the experts!" This has both permitted and caused us to focus on "doing things right," rather than on "doing the right things." Schools have unilaterally, looking inward only, determined what things to do.

THE GREATEST CHALLENGE: CHANGING THE STRUCTURE OF POWER BASES

The greatest challenge is to alter the structure of interpersonal power bases for those who must be responsible for changing the culture of business schools in ways that will lead to successful changes in strategy. In the organizational behavior literature, one approach to examining interpersonal power bases is to categorize those bases as expert, reward, coercion, legitimate, and referent. The issue here is how to enhance or expand power bases for purposes of bringing about changes in organizational culture. It is therefore instructive to consider the interpersonal power bases of deans and department chairs, those responsible for supervising the behavior of faculty and for managing the overall direction of the college.

There is little potential for additions to the expert base. Faculty are reluctant to view chairs and deans as expert in anything. The fact that they are not full time faculty suggests they aren't experts within the faculty role, and virtually all administrative actions by chairs and deans, especially when change is involved, are considered "wrong" by faculty.

There are severe limitations on the reward power base, at least as far as tangible rewards are concerned. However, resources are becoming increasingly scarce relative to demands for

them, and as that happens, the power that goes to the resource allocators increases. Further, there is a wide array of intangible rewards, such as praise, scheduling, developmental experiences, office amenities and the like, that administrators can allocate to those who most appropriately support and participate in desired change efforts.

The coercion base is a weak one, but it does have some potential and that potential should be utilized. While tenure and other governance restrictions may limit coercive possibilities, and while positive reinforcement is preferable when possible, there are potential areas of coercion which should be recognized and invoked when necessary. For example, withholding of the intangibles cited above from those who fail to support or to participate in desired change efforts is a possibility.

Increases in both the extent and the content of the legitimate base will be required for moving to and operating in a market-oriented culture. This can come about only if the faculty perspective of being independent contractors or self-employed individuals changes. That change must occur in order for some of the changes such as team-based effort to materialize. Faculty must learn to work together and to accept such things as the fact that cycle times absolutely must be reduced and the fact that responsiveness to stakeholders will mean industry changes that require abandonment of traditional practices. Examples include distance learning, additional night and weekend classes, compressed time frame scheduling, service activities, recruitment of students, involvement with external stakeholders, continuous review of courses and programs, updating delivery methodology, non-discipline related skill and competency development in courses, and true participation in committee responsibilities. It must be understood that the dean=s job and the chair=s job are positions of management, regardless of how they may be

locally classified.

The greatest potential appears to lie within the referent base. Deans and chairs need to manage faculty in ways that will generate respect and willingness to not only follow but to share the load and accept the responsibility. In other words, deans and chairs must become true leaders, developing visions, communicating those visions, motivating faculty to want to move the institution ahead, and empowering them to do so. Certainly, this is a critical key to success because of the Aextras \cong that faculty will have to do. This is the central reason why the legitimate power base must be expanded, for that is the base that will reduce the range of behaviors for which deans and chairs may have to rely on the referent base.

ONE SCHOOL=S MOVE TO A MARKET-ORIENTED CULTURE

Attempts to change organizational culture generally should include the following elements: (a) changes in what managers pay attention to; (b) changes in the way people react to critical incidents and organizational crises; (c) role modeling, training, and coaching; (d) changes in the criteria for allocation of rewards and status. The table below contains some examples of the major measures utilized by this school in its attempt to move from a product-oriented culture to a market-oriented culture.

Element	Explanation
1. Changing what managers pay attention to.	
Criteria for hiring.	Interested in and capable of interacting with external community; Flexibility; Teaching orientation; Applied orientation
Criteria for promotion, retention, tenure.	Teaching weighted most heavily; Research no longer the sole criterion; Service clearly counts

Addition of service and economic development units to the college.	External focus; Applied focus; Regional focus
2. Changes in reactions to critical incidents and organizational crises.	
Budget crises.	Develop revenue-producing ventures; Accountability through performance measures; Leveraging resources through partnerships within the university, with other universities, and with businesses; Expanding fund-raising and grants & contract activities
MIS faculty hiring market problems.	Use of practitioners; A Growing our own
Imperatives to increase enrollment.	Establishment of off-campus centers; International partnerships; Distance learning sites; Faculty participation in student recruitment; Use of external stakeholders as recruiters; Retention efforts
3. Role modeling, training, coaching.	Emphasize faculty development by establishing a budget, holding workshops, etc.; Establishing mentoring program; Starting at A top down (first dean hired from external market; first dean to be externally focused)
4. Changing criteria for allocation of rewards	(Some examples in A1, "above") Reassigned time for service activities; Designation of A Directorships for auxiliary units, with offices, secretaries, student/graduate assistants, publicity, grand openings, etc.; Market-oriented behavior included in evaluations for promotion, retention, and tenure

The central themes of items included in the above table are that they involve behaviors which support the commitment to a market-oriented culture rather than the previously existing product-oriented culture and that they require faculty members to take on new, non-traditional

roles. Note that the efforts begin with the selection process and proceed through training, evaluation, merit, retention, promotion, and tenure processes. They also include ceremonies to celebrate successes that involve market-oriented behaviors.