

Strategic Capacity and Organisational Capabilities: A Challenge for Universities

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THE ISSUE

A disrupted environment

- The academic environment is becoming more competitive, less stable and more uncertain
- Profound changes started since the last part of the 2000s :
 - worldwide massification
 - commodification of higher education
 - globalization and world standards
 - less taxpayer money and new steering tools

The issue of strategic capacity

- These changes imply changes in their internal and external interactions with their members and with society and polity, which require more strategizing to position as competition increases and predictability decreases.
- Strategic capacities are not evenly distributed across HEIs.
 - They are strongly correlated with their organisational properties
 - They are rooted into the organizational processes that back strategy building.

A FEW WORDS ON EMPIRICAL BASES

- 6 countries, 17 institutions, 2 X 3 departments per country
- Desk data + observation
- About 700 in-depth interviews (1h30 on average) at all levels (mostly academics, but also chairs, deans, central management)
- Participant observations collected in many places during a long and diversified career
- Ideal typical methodology using mostly simple content analysis

« Excellence turn », new quality regimes and university types

SETTING THE STAGE

« Excellence » policies

- Whereas HEI valuation used to be reputational, public policies have favored performance-based “excellence policies” at the turn of the 2000’s.
- They did it for various reasons including:
 - pressure of costs
 - changes in valued missions of universities
 - objections to collegiality as a governance model
- With the purpose to:
 - Rationalize university organizations
 - diversify resources,
 - Increase the global efficiency of national systems in science production by encouraging concentration and stratification of universities.

Performance-based policies: the accountability turn

- Linking performance and allocation of resources requires accountability
- Accountability requires evolving from weak, subordinated institutions to denser organisations
- It modifies relationships:
 - at a meso-level, between local HEIs and steering authorities. They have to interact more closely with society and polity
 - at a micro-level between the HEI as such and its subunits: departments and faculty members.

Two quality regimes

| Type of judgment | Mode of production | Source | Type of knowledge |
|---|--|---|---|
| Prestige = Diffuse social valuation <i>Uniqueness</i> | Opinions. Endogenous valuation by specific social groups (academic elites, social elites, alumni, social networks) | Based on socialization. Contingent to a context (local, social, disciplinary). | Synthetic cardinal judgment that may vary across social worlds : experience- based intuition |
| Excellence = Formalized valuation <i>Commensuration</i> | Measurement. Exogenous valuation by third parties (agencies, medias, etc) | Impersonal, global (international), non-contingent | Indicator-based (ordinal) analytical judgment that opens the black box |

Redefining HEIs strategic action fields

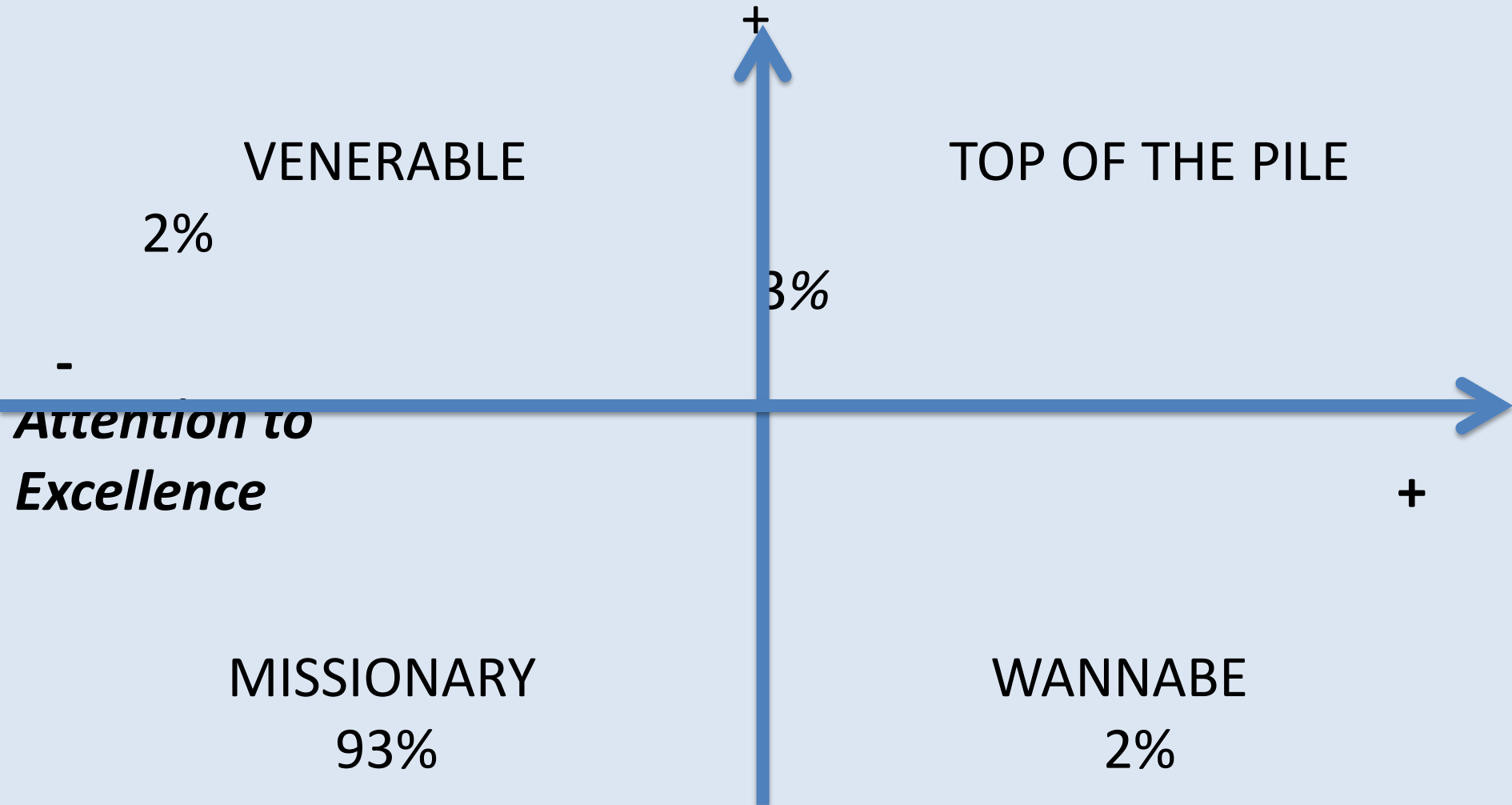
- Universities are trapped between two regimes of quality (Merton) that redesign the meso-social order in which they choose (or are encouraged) to be active (Fligstein & McAdam): the local vs the global.
- Their subjective belongingness to a given SAF defines the boundaries in which they interact and adjust to each other with a shared vision of :
 - What is at stake in the field
 - Which are the relevant actors and what is their relative power
 - What are the rules of the game (which behaviors are legitimate and make sense in the field)

Crossing regimes

- The regime of excellence is not a substitute for the regime of reputation. Thus, each university in any country targeted by “policies of excellence” experiments tensions between valuation by « reputation » and by « excellence ».
- The emergence of “excellence” destabilizes social agreements established within countries and within social groups on the respective value of their national universities.
- Differences between national regulations do not explain differences between universities within a given country and similarities across several countries. The degree of tension varies according to the specific characteristics of universities as local orders (March).

Regimes and types

Attention to Reputation



Characterizing types

- Systematic similarities within types and variations between types, in:
 - Organization and governance
 - Missions most valued
- While ToPs, Venerables and Wannabes are internally homogenous...
- ... Missionaries are likely to be internally heterogeneous
- Each type is characterized by informal organizational patterns that impact their strategic capacity

Types

Although their share is very uneven, each type is worth exploring :

- Top of the pile: number #1 reference embedded in all performance-based policy reforms.
- Venerables: the top reputation in each national settings, confronting reforms inspired by the ToP reference.
- Missionaries: an expanding number of HEIs all over the world, also confronting reforms inspired by the ToP reference.
- Wannabes: a rapidly increasing number of HEIs, either Venerables or Missionaries, trying to take advantage of reforms so as to gain more visibility and catch more resources.

ORGANISATIONAL DIMENSIONS OF STRATEGIC CAPACITY

Strategic capacity, not strategy! (1)

Academic strategy is often approached in a narrow sense (administrative recipes, procedural techniques) by « specialized » literature, that analyses:

- Policy statements and declarations;
- The role and activity of top-level staff, seen as principals of internal agents;
- Decision-making, not considering implementation, whereas implementation shapes strategy-making capacity, not the reverse.

Strategic capacity, not strategy! (2)

- Strategic capacity refers to how much an institution is able to line up its internal components to achieve some common ends, based on the capacities provided by its internal social processes.
 - How each internal subunit makes itself **compatible** with the others, achieving a fit between internal differentiation and integration of the organization
 - shapes its identity, its priorities, its vision of university
 - reconciles its multiple identities as a member of the university as an organization and of a discipline.
- > Enacted strategic lines are explicitly **and** implicitly sustained by internal social processes.

Three social processes or properties that matter

- Human resource management
- Cultural norms of belongingness
- Governance

HRM

| | Missionary | Venerable | Wannabe | Top of the pile |
|---|--|---|--|--|
| R/T | T>R | R>T | R>T | R>=T |
| What is mostly valued in assessment? | Contribution to the department in teaching and administration | Contribution to the prestige of the institution ("Talent, originality") | Contribution to excellence as subcontracted to journals and disciplines (past performance) | Academic promises for the future ("talent, originality"). |
| What social processes really counts in HRM decisions? | <i>Formalized collective assessment and conversation, department level</i> | Formalized collective assessment and <i>conversation</i> , organization level | Publication <i>metrics</i> | Formalized multi-levels and multi-disciplinary assessment and <i>conversation</i> |
| Who really count in HRM decisions? | Colleagues in the same department | Senior professors within the institution at large | General management subcontracting to journals and the market in the discipline | Faculty at large, with the help of disciplinary colleagues outside the institution |

Governance processes

| | Missionary | Venerable | Wannabe | Top of the pile |
|--|--------------------------------------|---|--|--|
| Valuation of management roles of academics | Little | Little | Valued | Valued |
| Power sharing | Weak management Weak academics | Weak management Strong academics | Strong management Weak academics | Strong management Strong academics |
| Integration | Weak | Weak | Strong | Strong |
| Differentiation | Strong | Strong | Weak | Strong |
| Participation of academics to governance | Weak | Weak outside seniors | Controlled | Negotiated among all components |
| Type of governance | Unstable (Depends on who governs) | Relatively stable (Cautious to reproduce the government style) | Stable Asymmetric (prevalence of top management) | Stable Symmetric or "shared" ^b |

Cultural norms of belongingness

| | Missionary | Venerable | Wannabe | Top of the pile |
|-------------------------------------|---|-----------------------------------|---|---|
| Social status | Moderate | High | Moderate high | Very high |
| Image attached to social status | Teacher / academic | Professor: academic+ researcher | Knowledge worker ^a | Professor: academic+ researcher |
| Strength of local values | Weak | Strong | Weak | Strong |
| Socialization processes that count | In situ, through personal learning | In situ through personal learning | Outside the institution by the disciplinary community | In situ through personal learning and mentoring |
| Academic loyalty to the institution | Strong or weak depending on where rewards can be expected | Strong | Weak (regulation by the market) | Strong |
| Academic loyalty to the institution | Variable | Strong | Strong | Strong |

Why do such social processes matter?

- Social exchange within academia
 - Density of exchange within and between disciplines
 - Density of exchange between levels

-> Ability to negotiate and compromise on common ends and means
- Social exchange between academia and management
 - Density of exchange
 - Symmetry of exchange

-> Legitimacy and efficiency of management
- Internal solidarity
 - Interdependence between individual and collective achievement
 - Actual compliance to decisions taken

-> Social control within and across levels and disciplines
- Rewards
 - Attached to being a member
 - Attached to being a good citizen

-> Individual and collective concern with the future of the institution

ASSESSING STRATEGIC CAPACITY

Two basic assumptions for assessing strategic capacity

- It only makes sense to speak of strategic capacity when HEIs are autonomous and accountable
- Strategic capacity is (to a large extent) a function of organizational capabilities

A guide to organizational sources of strategic capacities (1)

1. The **main time horizon set for implementation** and the way this time objective is defined and shared internally, as well as by external stakeholders (referenced public authorities, donors, etc.)
2. The **in-house stakeholders involved**, who actively participate in setting up the project
3. The **importance and credibility** lent to the strategy by the institution's members
4. The **outside actors and stakeholders within the action context**, who count (public authorities, steering and funding agencies, businesses, labour markets, activists of moral causes, trade unions, etc.)

A guide to organizational sources of strategic capacities (2)

5. The **identification of opportunities and threats for the future**, stemming for example from outside “competitors” (between universities, between ways of gaining access to employment opportunities, in the ways funding sources are accessed, in terms of student attractiveness, etc.) or that are linked to new societal issues and demands

6. The **in-house resources available** and necessary to support implementation of the strategy, and more generally to be able **to highlight, to protect and if necessary reorganise the institution’s tangible and intangible assets**

7. The way **opportunities are seized and threats avoided.**

Strategic Capacity (1)

| | Missionary | Venerable | Wannabe | Top of the pile |
|--|-------------------|------------------|--------------------|------------------------|
| Time horizon taken as reference | Short-term | Short-term | Short-and mid-term | Mid-and long-terms |
| Importance allocated to this time horizon | Low | Low | High | High |
| Attention paid to competition dynamics | Low | Low | High | High |
| Attention paid to national and international academic contexts | Low | Low | High | High |
| Attention paid to necessary resources | Low | Low | High | High |
| Attention paid to the operational application of the strategy | Low | Low | High | High |

Strategic capacity (2)

| | Missionary | Venerable | Wannabe | Top of the pile |
|---|---|---|----------------------------|--|
| The role played by the heads of the HE institution in building and scheduling the strategy | Rather strong | Weak | Very strong | Strong |
| The role played by the academic community in building, scheduling and implementing the strategy | Weak | Strong | Weak | Strong |
| The importance of the strategic framework as perceived by the academic community | Secondary | Secondary | Priority | Priority |
| How the academic community interprets the status of the strategic project | Speech by the management A procedure | Speech by the management A procedure | Ambition of the management | Commitment endorsed by the whole community |
| The level of strategic capacity of the institution | weak | weak | strong | strong |

Synthetic results (1)

| | Missionary | Venerable | Wannabe | Top of the pile |
|---------------------|---|---|--|--|
| Purposes | Survival in an hostile environment | Survival by maintaining reputation | Rebuilding reputation via excellence | Sustaining reputation <-> excellence |
| Strategic resources | Attachment to its exogenous traditional resources: (ex. the argument of public service) | Attachment to its exogenous traditional resources (Reputation + socio-political networks) | Centralization of power: integration by <i>de-differentiation</i> and hierarchical control | Internal resources embedded in the heterarchy: integration and differentiation at all levels and of all fields |
| Strategic horizon | Secure resources year after year. | Eternity. Reputation is considered as enough to sustain resources | Relatively short term: to win recognition in excellence to penetrate new markets and capture new resources | Several years: to sustain virtuous circles of excellence and reputation, linking talents, resources and performance. |

Synthetic results (2)

| | Missionary | Venerable | Wannabe | Top of the pile |
|--|---|---|--|--|
| Why to display of a strategy? | Because regulations require it | Because regulations require it | Because the organisation needs an explicit roadmap | Because the institution has to maintain and recreate a shared vision |
| Whose job is it to display a strategy? | General management | General management | General management | The whole community |
| Expected internal impact of strategy | Not considered as establishing a binding commitment | Not considered as establishing a binding commitment | Huge; strategic plans enforce the internal rule | Huge; Processes of co-construction allow mastering changing environments |
| Strategic capacity | Low | Low | High | High |

TO CONCLUDE

Institutional *Gestalt* and strategy

- HEIs display sort of a *Gestalt* covering several basic facets that refer:
 - to the way the environment and its dynamics are interpreted,
 - which internal stakeholders are mobilised,
 - and the compatibility between collective strategic ambitions and the way things work internally.
- BUT the development of a programmatic line does not suspend shared cultural norms, the distribution of cognitive patterns within the institution, ordinary ways to muster resources, etc..

Strategic capacity as an action theory

- On the contrary, concrete strategic actions are rooted into this *Gestalt*, which explains:
 - the actual local interpretations and use of the rules and recipes provided by policy-makers and consultants
 - the degree of receptivity, benefits, risks and vulnerability of various types of HEI to changes in their environments, in particular to reforms.
- Strategic capacity “equips” local academic institutions with an action theory.

Strategy and meaning

- Strategic capacity is based on the internal ecology of the organisation, which enables:
them
 - to anticipate their environmental dynamics
 - to make sense of change
 - To use of of outside opportunities
- This ecology makes it possible to give meaning to the changes with a theory of action that involves deciphering and anticipating what may happen.

Meaning and risk

- Strategic capacity changes the concept of **risk** (**unstable action environments**, jeopardy involved in challenging the present order)
 - Risk is substituted by the idea of **meaning**, associated with the capacity of an action theory to **lower uncertainties**
- > An organisation unable to make sense of risk becomes vulnerable and erratic.
- > An organisation able to make sense of risk can play with it and at least hope to make relevant winning bets. It can develop a strategy of movement

Thank you!

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