Strategic planning in the academic business unit

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ABSTRACT

Strategic planning has become increasingly important for setting the direction of firms and developing contingency plans for things like pandemics. It is also very important for institutions of higher education where strategic planning can be part of operating an academic unit, regional accreditation, and programmatic accreditation. However, the process and stages of strategic planning is not well understood. This particularly holds true for institutions of higher education. Processes vary based on resources available and other factors. Some institutions engage high-powered, external consultants while others use more home-grown practices. This study examines the strategic planning process in higher education business units (departments, schools, colleges). An electronic questionnaire was designed based on published studies. Four phases of strategic planning were identified (plan initiation, situation analysis, strategy alternatives and selection, and implementation and control). The findings indicate that strategic planning is conducted fairly consistently but key differences were identified based upon the institutional characteristics (enrollment, faith-based, accrediting body, and level of degree granted).

Keywords: Strategic planning, higher education, business unit planning, planning processes, strategic planning phases

INTRODUCTION

Strategic planning has been defined as a "deliberative, disciplined approach to producing fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why (Bryson, 2018, p. 7). Strategic planning in business organizations originated in the 1950s and became very popular and widespread when corporate America believed it was the answer to all problems. The enthusiasm waned but was revived as a "process with particular benefits in particular contexts" (Mintzberg, 1994, p. 109). Strategic planning has moved to other areas including private and nonprofit institutions. Among the private and nonprofit areas adopting strategic planning are institutions of higher education.

The Society for College and University Planning (SCUP) is an organization that works with collegiate and professions planners with the goal of sharing planning knowledge and informing the integrated planning process in institutions of higher education (SCUP, 2020). The organization espouses seven factors of good planning: emphasizing good planning, defining effective planning, agreeing on priorities, integrating plans, providing training, being agile, and managing change (SCUP, 205, p. 7). Part of the idea of integrating plans is a definitive link between the overall institutional strategic plan and the plans of individual academic units. Business colleges, schools, and programs engage in strategic planning, especially those whose degree granting programs are accredited by programmatic accreditors.

STATEMENT OF THE PROBLEM

The academic business unit (college of business, school of business, department of business, or business program) needs to respond to its overall educational environment and business environment within the framework of its home institution. The educational environment includes programmatic accreditors; the three prominent accreditors for the academic business units are the Association to Advance Collegiate Schools of Business (AACSB), the Accreditation Council of Business Schools and Programs (ACBSP), and the International Accreditation Council for Business Education (IACBE). Each of the programmatic accreditors has its own standard for accreditation, and each has a specific standard for strategic planning (AACSB, 2018; ACBSP, 2019; IACBE, 2018). As indicated above by SCUP, and integral in several of the programmatic accreditors, the academic business unit strategic plan needs to be integrated with the institutional strategic plan. A challenge in developing the business unit strategic plan is that the overall institutional strategic plan will include areas that are not necessarily supported by the academic business unit, and the academic business unit will need to respond to external environmental forces that do not affect the overall institution. A successful process to meet the challenge of development of the academic business unity strategic plan would benefit all such units in the current atmosphere of change and uncertainty.

LITERATURE REVIEW

Strategic planning has evolved from simple analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) to qualitative and quantitative models of strategy, followed by the competitive advantage and shareholder value models of Michael Porter (Porter,

2008). Subsequently the focus has been on strategic intent and core competencies, and then on market-focused organizations.

More recent models of strategic planning have been focused on adaptability to change, flexibility, and importance of strategic thinking and organizational learning. Neither theory nor practice of strategy has kept pace with the realities of today's relatively boundary-less and barrier-free markets (McGrath, 2013). As a result, the traditional approach of building a business around a competitive advantage and then hunkering down to defend it and milk it for profits no longer makes sense. Agility is now said to be the key strategic capability.

STRATEGIC PLANNING IN SMALL AND MEDIUM-SIZED ENTERPRISES

A large number of institutions of higher education are small to mid-sized, so an examination of such firms is an appropriate study for comparison. Smaller firms are not simply the smaller versions of larger organizations. For example, the lack of a critical mass of resources means that opportunity exploration and exploitation are much more difficult to identify and pursue. Small and medium enterprises (SMEs) cannot compete with larger firms in terms of investment in research and development (R&D), economies of scale, or significant promotional expenditure (e.g. nation-wide marketing campaigns). As a result, the application of formal planning mechanisms is often missing. However, SMEs are inherently less bureaucratic and more flexible and thus more agile (Leso, Cortimiglia, & Ghezzi, 2023).

Compared to big companies, SMEs tend to offer a more limited range of products on a more limited number of markets and rather use market penetration and product development strategies instead of market development or diversification strategies. As a result, particularly up to a certain 'critical size', the application of formal planning mechanisms is often missing. Moreover, the process of strategic decision- making in SMEs is often based on experience, intuition or simply on guessing (Welter, 2003).

STRATEGIC PLANNING IN NONPROFIT INSTITUTIONS

As the majority of higher education institutions are non-profit. Strategic planning in these institutions have a bearing on planning in higher education. There are three strategic issues examined in this setting: 1.) those with no immediate action necessary but must be monitored, 2.) those that are able to be addressed in a normal strategic planning cycle, and 3.) those requiring an immediate response (Bryson, 2018). A strategic plan would concentrate on the second of the issues.

Understanding the operational environment in which the institution is set is key in strategic planning. The first step in understanding the setting is to review the mission, vision, and values of the institution. An analysis of the external and internal environments is conducted next. The external environmental scan focuses on opportunities and challenges or threats and the internal analysis focuses on the current strengths and weaknesses. Part of the internal analysis is identifying critical success factors, which are considered distinctive competencies. Forces that are important to nonprofit institutions include: social and organizational complexity, government reforms, technological change, diversity, individualism, quality of life/environmentalism, the culture of fear, and an emphasis on learning (Bryson, 2018).

Bryson's ten step strategic planning model is as follows:

o   Initiate and agree on a strategic planning process
o   Identify organizational mandates
o   Clarify organizational mission and values
o   Assessing the external and internal environments to identify strengths, weaknesses, opportunities, and threats
o   Identify the strategic issues facing the organization
o   Formulate strategies to manage the issues
o   Review and adopt the strategic plan or plans
o   Establish an effective organizational vision
o   Develop an effective implementation process
o   Reassess strategies and the strategic planning process (Bryson, 2018)

STRATEGIC PLANNING IN HIGHER EDUCATION

Higher education employs strategic planning as part of its overall educational planning portfolio, most recently being referred to as integrated planning. There have been many models used in higher education for strategic planning, including Vision-Based, Goals-Based, Issues-Based, Alignment (of Mission with Resources), Scenario Planning, Organic or Self-Organizing, and Real-Time Planning (Beach, 2015). However, Beach points out two models that are prevalent are the Cook model and the Bryson model. The Bryson model is the public and nonprofit model already discussed. The Cook model is comprised of the following steps:

o   Determine the organization's fundamental convictions, values, and character – its beliefs.
o   Describe the unique purpose for which the organization exists and the specific function it performs -its mission.
o   Determine the management pronouncements that establish the parameters within which the organization will accomplish its mission – its strategic policies.
o   Determine the characteristics that contribute to the ability of the organization to achieve its mission –its strengths.
o   Determine the characteristics that limit the ability of the organization to achieve its mission – its weaknesses.
o   Determine the arrangement of authority and responsibilities among people within the organization – its organizational structure.
o   Determine what other entities successfully attempt to fill the same need as the planning organization –its competition.
o   Examine those forces that an organization has little or no control over.
o   Express the desired, measurable end results for the organization –its objectives.
o   Determine the broadly stated means of deploying resources to achieve the organization's objectives – its strategies.
o   Outline the tasks required to implement that program or strategy, the person responsible for each task, the due date for the completion of each

task, and an analysis of the benefits and costs for the specific action plan (Beach, 2015).

Hinton's presentation of strategic planning in higher education begins with the components of the strategic plan. The foundation of the plan is the mission, the three supporting components are the values, institutional goals, and vision, and the strategic plan itself which includes goals and objectives supported by an implementation plan. She also presents the ideal of the self-sustaining planning process, which is cyclical in nature and contains an annual cycle of assessment within the strategic planning cycle timeframe (Hinton, 2012).

The recommended process to develop, implement, and review the planning process has four overall stages, with steps within three of the stages. This process is cyclical as well, with the cycle going back to the first step after the fourth has been completed. The process is:

- o Planning cycle begins
  - Review mission/vision
  - Environmental scan
  - SWOT and gap analysis
  - Develop goals/objectives
  - Develop implementation plan
- o Annual review of process
- o End of plan review
  - Goal completion
  - Additional achievements
  - Continued applicability of goals/objectives
- o Pre-planning for new plan
  - Develop preliminary findings
  - Evaluate success of the process
  - Review planning committee/charge (Hinton, 2012)

Overall, the literature review indicates the cyclical nature of strategic planning and an emphasis on environmental analysis. An understanding of the organization is needed at the beginning of the cycle, then the process moves to external and internal analyses. Determination of issues, goals and objectives and the plan to achieve these is the aftermath of the analysis. This is followed by implementation and regular periodic assessment. Ultimately the success of the plan is analyzed and this analysis is used as the starting point of the new strategic plan.

PURPOSE OF THE RESEARCH

The purpose of the research was to examine strategic planning processes across a range of higher education institutions. The unit of analysis was a higher education business college/school/department. It was determined that strategic planning processes would be most familiar, and potentially most often used, by business units. Additionally, all business programmatic accreditors require strategic planning at the business unit level.

RESEARCH QUESTIONS

The research questions were:

a.) What common strategic planning processes are used across academic business units?
b.) Are there differences in strategic planning processes used by academic business units based upon programmatic accreditor?
c.) Are there differences in strategic planning processes used by academic business units based upon institution size?
d.) Are there differences in strategic planning processes used by academic business units based upon institution type?

METHODOLOGY

Data were collected in two forms in the study. A pre-study focus group was used to form concepts and test a preliminary questionnaire. A formal electronic questionnaire was distributed following the collection of the information from the focus group. The subjects for both the focus group as well as the questionnaire were faculty and administrators from academic business units in higher education institutions. The focus group was a convenience sample of faculty and administrators in the Philadelphia, PA area in the organization known as the Southeastern Pennsylvania Consortium on Higher Education (SEPCHE). SEPCHE is comprised of institutions of similar size and composition in the Philadelphia area. The key characteristic of the survey group was that they were faculty and administrators responsible for academic business units in institutions of higher education. The survey sample was developed from several sources. The first was a database of 1,499 US colleges and universities' business unit contacts. The list was compiled in-house and cleaned for irregularities. It was supplemented with the membership list of all Accreditation Council for Business Schools and Programs (ACBSP) member schools (approximately 1,200). A link to the electronic survey was shared with the ACBSP President's office and an invitation to participate was sent out to the membership from that office. All subjects received a consent form and all research followed protocols approved by the researchers' Institutional Review Board, which reviewed and authorized the research. The electronic surveys were administered through the Qualtrics platform. Various reminders were sent to those sent the sample who did not respond. 60 usable surveys were received out of the 1,499 sample (the researchers do not know how many ACBSP invites were sent). This is an approximate 4% response rate. Data were collected during the Spring of 2021. The emergence from the COVID19 pandemic probably had a strong impact on the response rate.

The focus group participants were presented with the research purpose, the purpose of the survey, and then completed the draft survey. Afterwards they met as a focus group and were interviewed by the researchers regarding the survey. The group met using conferencing software with screen-sharing capabilities which allowed the researchers to share documents and files with the participants. The purpose of the focus group was to test the survey instrument and recommend changes to develop the questions for the final survey.

The survey was based on the literature review and feedback from the focus group study. All scales were borrowed from prior published research with some modification. Research indicates that the strategic planning process follows four stages: plan initiation, situation

analysis, strategy alternatives and strategy selection, and implementation and control. Scales for each of these four phases were used to collect data. Sample scale items included (See Exhibit 1):

Plan initiation: "We start with plan objectives from the university." "We generate mission, goals, and objectives for the Academic Business Unit."

Situation analysis: "We evaluate trends in Academic Business Units." "We evaluate specific competitors."

Strategy alternatives and selection: "We perform a SWOT analysis." "We link the chosen strategies in terms of the goals and objectives."

Implementation and Control: "We associate resources with each strategy." "We regularly evaluate progress vs. the plan."

Additional items were included measuring faculty involvement, overall satisfaction with the planning process, and coordination across institutional units.

Demographic information was collected on the type of institution (undergraduate/graduate), enrollment, Carnegie classification, status (public, private, for-profit), faith-based, accrediting body, and planning horizon.

The survey scales were all five-point, Likert scales. Data were collected at the interval level allow multivariate statistical analysis.

RESULTS

The demographic characteristics of the respondents' institutions were as follows (mode provided):

- Type of institution: 59.5% graduate degree granting institutions
- 40.5% had total enrollment of between 2,000-5,000 students
- Mean total enrollment 1,082
- 27.9% had a Carnegie classification of M3: Master's Colleges and Universities
- 51.7% were private institutions
- 61.8% were not faith-based institutions
- 27% had business unit enrollment of between 100-399 students
- 61% had a planning horizon of 5 years

The scales related to the four phases of strategic planning were tested for reliability. The Chronbach Apha for the four items that comprise the Plan Initiation scale was .575. The same statistic for the other three scales was .797 for the six items of Situation Analysis scale; .822 for the five items that comprise the Strategy Alternative scale; and .794 for the five items that comprise the Implementation and Control scale. The general benchmark for acceptable reliability is .70. All of the scales except the Plan Initiation meet this requirement. This may be due to the small sample size or this scale needs more refinement.

A series of regression models were developed to evaluate the research questions and determine if there are differences in the strategic planning process across different groups. A composite variable was created from the mean of each of the four phases of strategic planning scales (Plan Initialization, Situation Analysis, Strategy Alternatives and Strategy Selection, and Implementation and Control). These four composite variables were the dependent variables. The independent variables were the demographic variables: type of institution (2-year, undergraduate, graduate), institutional enrollment, public vs. private, faith-based or not, and accrediting body (ACBSP vs. AACSB). Respondents provided their actual enrollment data rather than categorical data. Since this is interval-level data, a direct regression formula could be tested. All of the other variables were categorical-level data. Dummy variables were created for each of these variables. All dummy variables were recoded with zeros and ones. One variable was selected as the reference variable against which all others were compared in the regression results.

The regression of the four strategic planning phase composite variables, individually, on the institutional enrollment variable resulted in only a single statistically significant relationship; the Plan Initiation phase ($p < .05$; $R^2 = .100$). The regression of the same planning variables on the faith-based variable resulted in both the Plan Initiation and the Situation Analysis variables being significant ($p < .05$ and $p < .001$; $R^2 = .088$ and $R^2 = .171$; respectively). Given the way the dummy variables were created, the exact different between the groups can be determined. The intercept of the regression model represents the reference value. The β coefficient of the independent variable determines the difference from the comparison value. The faith-based group's composite score was 8.6% higher than the non-faith-based group on the Plan Initiation variable. It was 11.0% higher on the Situation Analysis variable.

The next series of analyses were conducted on the relationship between the institution type (associate, bachelor, graduate-degree granting) and the four planning composites. Associate-level institutions were set as the comparison group in the dummy schema. There was a statistically significant difference between bachelor and associate degree granting institutions ($p < .001$, 26.5% higher) and graduate and associate degree granting institutions ($p < .05$, 21.4% higher) on the Plan Initialization composite (model $R^2 = .188$). The same was true for all three of the remaining planning phases. Bachelor-level institutions were 19.6% ($p < .05$) higher and graduate-level were 23.2% ($p < .001$) higher than associate level institutions on the Situation Analysis composite ($R^2 = .207$). Bachelor-level institutions were 35.4% ($p < .05$) higher and graduate-level were 35.3% ($p < .05$) higher than associate level institutions on the Strategy Alternatives and Selection composite ($R^2 = .139$). Bachelor-level institutions were 16.3% ($p < .05$) higher and graduate-level were 18.4% ($p < .05$) higher than associate level institutions on the Implementation and Control composite ($R^2 = .091$).

The regression of the planning composite variables on the public/private institution variable resulted in only two statistically significant relationships. The composite score of private institutions was 9.7% higher than public institutions on the Plan Initialization variable ($p < .05$; $R^2 = .109$). Private institutions were also 14.1% higher on the Situation Analysis composite ($p < .001$; $R2 = .264$).

Finally, the regression of the planning composite variables on the business accreditor variable resulted in only a single statistically significant relationship. The Plan Initialization composite was 10.3% higher in the ACBSP group over the AACSB group ($p < .05$; $R^2 = .179$). None of the other three models were significant for the other three planning composites.

Another regression model was built using an "overall, I am satisfied with the strategic planning process used by my academic business unit" variable on the four planning composites.

The model was significant at the $p<.05$ with an $R^2=.200$. However, the only the Implementation and Control coefficient was significant. This means that the participants were only satisfied with this phase of the planning process.

DISCUSSION

Statistically-significant differences in the way business academic units conduct strategic planning were found based on the characteristics of the institution. Interestingly, these differences were found across all characteristics studied (accrediting body, enrollment, public/private, degree granting type, and faith-based) in the Plan Initiation phase of strategic planning. This scale measured the integration of the university-level objectives, the use of unit-based mission and goals, the inclusion of current issues, and the use of assumptions and constraints in the planning process. This indicates that there is more variation in the strategic planning process at this stage. However, one think to keep in mind is the reliability of this particular scale was only .575. This might be an artifact of this issue. The scale may need further refinement.

The regression model of the institutional degree type (associates, bachelors, graduate) on the four planning stages showed some interesting results. Bachelor and graduate degree granting institutions had higher composite scores than associate degree granting institutions for all four planning phases. Graduate results were higher than bachelor results, except for the Planning Initial stage. Graduate degree granting institutions appear to adhere to the strategic planning phases at a higher level.

CONCLUSIONS

Strategic planning in business units of higher education institutions is important. Accreditors and stakeholders increasingly place importance on growth of the enterprise. The results of this study indicate that the planning process follows four phases: Plan Initialization, Situational Analysis, Strategy Alternatives and Selection, and Implementation and Control. These findings are similar to other research in other populations. The planning process also appears to be very consistent regardless of differences in the academic units' characteristics (private/public, faith-based/non-faith-based, enrollment, accreditor, degree-granting level). This is promising as it provides managers with a template from which to implement their own strategic planning process.

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APPENDIX

The Phases of Strategic Planning

Phase 1: Plan Initiation
1. We start with plan objectives from the University.
2. We generate mission, goals, and objectives for the academic business unit.
3. We include current issues in the plan baseline.
4. We list assumptions and constraints as part of the plan baseline.

Phase 2: Situation Analysis
1. We evaluate broad external trends such as demographic or technology trends.
2. We evaluate trends in academic business units.
3. We evaluate competitive trends.
4. We evaluate specific competitors.
5. We evaluate internal strengths including resources, skills, and capabilities.
6. We evaluate internal weaknesses such as staff capabilities or classroom technology.

Phase 3: Strategic Alternatives and Selection
1. We perform a SWOT analysis.
2. We perform a TOWS analysis to match strategies to the SWOT.
3. We evaluate the chosen strategies in terms of the goals and objectives.
4. We link the chosen strategies in terms of the goals and objectives.
5. We evaluate the assumptions and risks in the chosen strategies.

Phase 4: Implementation and Control
1. We associate resources with each strategy.
2. We establish a timeline and checkpoints.
3. We regularly evaluate progress vs the plan.
4. We make changes to the strategies at the checkpoints.
5. We change the resources allocated to the strategies.